

# **POLITICAL-ECONOMIC ANALYSIS OF COOPERATIVES REFORM IN MALI: “THE STATE IS THE BEST HEN”**

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## LIST OF ABBREVIATIONS AND ACRONYMS

AGRAM	Advisory Group on Rural Associative Movements
AV	Associations Villageoises
BNDA	Banque Nationale de Developpement Agricole
CAC	Centres d'Assistance et d'Animation Coopératives
CAMOPA	Cellule d'Appui pour la Mise en Ouvre du Plan d'Action de Developpement Rural
CLUSA	Cooperatives League of the United States of America (NGO).
CMLN	Comité Militaire de Liberation Nationale
DGCR	Direction Générale du Controle et de la Reglementation
DGRC-SDR	Direction Générale de la Reglementation et du Contrôle du Secteur du Développement Rural
DNACOOOP	Direction Nationale de l'Action Cooperative
DNAEMR	Direction Nationale de l'Aménagement et de l'Equipement du Monde Rural
DNAMR	Direction Nationale de l'Appui au Monde Rural
DNC	Direction Nationale de la Coopération
FAT	Fond d'Assistance Technique
FGR	Federation des Groupements Ruraux
FIL	Fonds d'Investissement Local
FNG	Fond National de Garantie des Sociétés Coopératives
GIE	Groupement d'Intérêt Economique
GRA	Groupements Ruraux Associés
GR or	
GRPSM	Groupements Ruraux de Production et de Secours Mutuel
OHVN	Office de la Haute Vallée du Niger
IMRAD	Institut Malian de Recherches Appliquées au Développement
INAGEF	Institut Africain de Gestion et de Formation
LEGISCOM	Legislation Cooperative au Mali
MDRE	Ministère du Developpement Rural et de l'Eau (Until some time in 1997 the E stood for Environnement)
NGO	Non-Governmental Organization
OACM	Organisations Associatives, Coopératives et Mutualistes au Mali
ODR	Opérations de Développement Rural
OPAM	Office des Produits Agricoles du Mali
PRODESO	Projet de Developpement de l'Elevage dans le Sahel Oriental
RDM	République du Mali
SIP	Société Indigènes de Prévoyance
SMDR	Société Mutuelles de Développement Rurale
SMPR	Société Mutuelles de Production Rurale (Mutual Rural Production Organizations)
SOMIEX	Société Malienne d'Importation et d'Exportation
SYCOV	Syndicat des Prodeucteurs de Coton et des Cultures Vivrières
UCPECMS	Union des Caisses Populaires d'Epargne et de Crédit de la Région Mali-Sud
UDPM	Union Démocratique du Peuple Malian

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## I. INTRODUCTION AND SUMMARY

Che ba te fen jugu yereke kabla a den koro  
-Bamana Saying

There is a Bamana saying: “The hen never gives something bad to its chicks.” The president of one agricultural cooperative gave us this saying at the end of an interview when we asked his view on the cooperative law reform. He continued: “the State is the best hen, we have impeccable representatives in the Chamber of Agriculture.” These pronouncements seem to reflect great confidence in the State, yet there are several ambiguous sub-texts. First, the Chamber of Agriculture is actually supposed to be of and for ‘civil society’, although it is actually staffed by former State functionaries, some of whom are still paid by the State. Is it a mistake that our interviewee mixed them up? Perhaps not. Second, the analogy places the peasant as a child in the care of the State, an enduring infantilizing image of peasants in colonial and post colonial development policy. This is an image that this interviewee may have internalized or may have evoked with irony. Third, as one Malian scholar said, this phrase is used when there is a doubt, when there is a lack of confidence. It means that the hen will follow its instinct, which is to protect *its own* children—in this case functionaries of the State, including the hierarchies that articulate right down to the cooperatives and village associations with which the State has worked well in the past. Fourth, the phrase reflects that these peasants relinquish their power in the face of the State—either because they have confidence in the State or because they have no hope of influence.

As outsiders looking into Malian Cooperatives, we cannot know the meaning of this phrase, which at face value is positive. We can only assume that there are some positive things that the State brings and there are also some deep doubts. The purpose of this report is to reflect the benefits and the problems of past and present cooperative law as they have been expressed to us in interviews and as they have been outlined in the available documentation. To understand, however, the dynamics of withdrawal and engagement between peasants and the State, in the context of which this study must be located, requires much more systematic and in-depth research.

### A. Background to Study

Over this century cooperatives have played an important role in the historical organization and management of Mali’s rural regions by successive Governments. The experience of being organized into cooperatives for the goals of State actors has been frustrating for rural populations (this history is discussed further in the main text). Cooperatives could, however, play an important role in enabling rural populations to collectively pursue economic activities and to organize as members of Malian society to collectively bargain for better access to markets, cheaper inputs to production, and to lobby for better Government services and laws from the most local level to the National arena.

Mali is currently revising its laws governing the creation, operation and regulation of cooperatives. Today cooperatives are governed under a 1988 law whose implementation has been extremely limited since the 1991 revolution. Cooperatives have had little assistance or State attention during most of this decade. The number of cooperatives has dwindled in Mali from covering virtually the entire rural world when cooperative membership was required by law, to an involvement of under five percent of the population today (see Annex D for a discussion of the current prevalence of

cooperatives). The present reform was launched by the Ministry of Rural Development and the Environment in 1995. Since then, the law has been debated numerous times, rewritten three times and proposed in May 1998 to the Council of Ministers who must approve it before presenting it to the National Assembly for debate (the legislative process is described in section III). The Council of Ministers rejected the proposed law in order to give other ministries a chance to participate in its development.

This study was requested by USAID-Mali to gain a better understanding of why the current reform has not yet been passed, what are the main issues with the law and with the cooperative sector, and who is interested in these issues and this reform.

## **B. Main Findings**

Any study of cooperative law must also query the governmental-administrative context in which this law will be implemented. In the case of cooperative law, that context may be considerably more important than the law itself. The proposed law, as it is now written, will enable cooperatives to organize and to operate independently. The administrative structure being established to regulate this sector risks reproducing the tight state control over cooperatives that characterized past practice. This study therefore examines both the law and its historical political-administrative context. Indeed, it finds that it is this larger context on which USAID should focus its efforts if cooperative laws are ever to enable and support the formation of an independent and vibrant associative movement in Mali.

This section outlines the legislative process, and then summarizes the main issues that emerged during this study and the recommendations that emerge from the analysis.

### **1. Summary of Main Issues**

The cooperative reform involves five major steps. The first is the preparation of the proposed law through a series of ministerial and subcommittee meetings, and regional and national seminars. Second is the proposal of the draft law to the Council of Ministers who after approving the law forwards it to the National Assembly for debate and eventual ratification. The current law is temporarily held up at this stage due to minor pro-forma complications. The first two steps are effectively done. The remaining three stages of development of this law could provide new opportunities for participation by interested stakeholders and input from the large population that will be affected by this new law. The third step will be debate and ratification by the National Assembly. After ratification the fourth step will be the development of application decrees and of programs for the diffusion of the laws. The fifth step is implementation.

A parallel set of actions concerning these laws must also be carefully considered. The administrative rules and government institutions that will regulate this sector are being developed concurrently (RDM, 1998b). The development of this political-administrative environment is as important as the development of the law itself. This set of administrative and regulatory institutions will shape the implementation and ultimately the uses and utility of this law to the populations who choose to organize their associations into cooperatives.

Together the legislation under consideration, the application decrees, the accompanying programs of diffusion and implementation and the new regulatory institutions that the government

is setting up will shape whether or not and how cooperatives can contribute to Mali's associative life and whether this new legislation will enable a vital associative movement.

Following are the main issues identified concerning this process of legal reform. Recommendations are presented in the next section, below.

#### Issues in the Early Parts of the Legislative Process:

- Concerns were Expressed that there was a Lack of Participation of Local Populations in Policy Process. Regional and national seminars on the law may not have included 'representatives' chosen by rural populations, but rather, rural actors chosen by the steering committee set up by the Government.

#### Issues within The Proposed Law Itself:

- # Rochdale Principles of Voluntary Membership and Freedom of Association are Expressed in this Law. They were expressed in Previous Cooperatives Laws, but have never been followed. There is currently concern as to whether they will be followed under this legislation. The question remains: what *guarantees* can be created to assure these principles will be respected.
- # State Intervention in the Creation of Unions, Federations and Confederations is Written into this Law against the Will of most Parties Interviewed. The Central Government claimed in the last law that it would temporarily enter the sector to aid in the creation of unions, federations and confederations and would withdraw when these were able to operate on their own. The State never withdrew. Many now feel the state should not enter this sector at all and that these institutions must grow out of the associative movement itself. This intervention is one of the greatest threats to the formation of an independent associative movement (*tutelle* and *encadrement*, discussed below, are the others).
- # Appropriate Roles of Cooperatives were in Question. Should they serve such ends as: national integration and solidarity, social security; the fight against poverty; drought emergency response; and national economic growth? Or, should they remain private collective organizations solely for the ends of their members? These larger social roles justify the special status of cooperatives as tax exempt and as having privileged access to credit. The problem with this larger conception of cooperatives is to assure that State projects will not be forced on cooperatives either directly or through excessive or poorly specified conditionally attached to privileged access to loans and assistance. The distinction between directives and incentives for cooperatives to engage in socially beneficial activities must be spelled out and guarantees that the state will not take a directive role must be instituted.
- # Tax Exempt Status of Cooperatives is Contested by the Minister of Finance. This status is linked to the questions concerning the appropriate role of cooperatives.
- # Term Limits for Cooperative Administrative Councils are Contested. These limits are written into the law. Cooperative representatives objected to this article of the law. The object of the

article is to prevent a narrow elite from controlling cooperatives and to give young people a reason to be members. The lack of turnover has been a major problem.

- # Lack of Access to Credit is a Major Issue. The tax exempt status and the special funds instituted in the new law to provide cooperatives with credit guarantees are viewed by most as a positive thing. This issue is beyond the expertise of the current research team, but given its importance it requires further attention.

Issues in the Development of the Application Decrees and Accompanying Measures:

- # Tutelle and Encadrement are the two Biggest Problems that cooperatives, and indeed the entirety of Mali's associative movement, face. *Tutelle* is oversight by the state. *Encadrement* is guidance and training and is usually conceived as a sub-sector of *tutelle*. In the past, the '*tutelle*' has been the ensemble of administrative bodies that managed the rural world. Under the new decentralized liberal policies these functions of management and control must be eliminated. They are, however, being at least partly re-established in a new administrative structure (discussed in detail in the Main Issues section) now being set up (see RDM, 1998b). To prevent the recreation of a system of State control of rural initiatives will require further research (some studies examining exactly how these controls are being reproduced), and the involvement of NGOs, cooperatives, unions and other intellectuals concerned with the well-being of the rural world in an extensive lobbying campaign.
- # Décret and Arrêté Leaving Excessive Control in Administrative Hands. *Décrets* are decrees or ministerial orders taken at the level of the Council of Ministers. *Arretés* are lower level administrative orders. The current law under consideration is the legislative part of a larger legal process. The next step is the regulatory part or application decree. It is in the application decree that the powers the State is willing to truly devolve becomes clear. The proposed law leaves many decisions to be made through these forms of administrative order. In doing so, it leaves important decisions to administrative discretion, rather than hammering out the decisions in a political process. There are two opportunities to avoid this maintenance of control in the hands of State administrators. First is to lobby for changes in the proposed law when it is under debate in the National Assembly. Second will be to closely monitor the development of the application decree to assure the important matters concerning the powers of administrators are resolved at that level.

All of these issues are discussed in more detail in the text.

## **2. Summary of Recommendations**

- # Support the Emergence of Local, Regional and National Associative Movements. Rather than focusing on cooperatives per-se, USAID could support the emergence of a movement to represent the grossly under-represented associations (mostly in rural areas) across Mali. This could be accomplished through:



- The establishment of an Advisory Group on Rural Associative Movements (AGRAM). A list of proposed members is included in the recommendations section of the paper.
- A survey of existing higher order associative bodies in Mali, such as unions and federations of associations and other bodies regrouping multiple organizations.
- Examine how USAID could support or bring together such groups, and where they are absent to support their establishment (not to do it *for* people nor to pay people to do so, but rather through facilitation, the organization of meetings of interested parties, some training on organizational skills involving the bringing of those who already have experience in the matters together with those who are in need of training—training by ‘trainers’ is probably not very useful at this level—or even arranging internships of potential associative movement organizers or leaders with existing associative organizations and unions).
- Encourage International Cooperation on these matters by sending leaders or potential leaders within the associative movement for internships with successful unions and federations of associations elsewhere in West Africa.

# Follow the Development of *Tutelle* and *Encadrement*, involve interested parties in this activity, and support lobbying efforts.

→ Follow the development of the project to create new government oversight and training institutions REM, 1998b (a copy of which is available at the USAID Mission).

→ Follow development of Application Decrees.

→ Assist rural populations to have an influence in these matters through:

- The Advisory Group (AGRAM—discussed above).
- Use AGRAM to identify and assemble rural representatives who can articulate their concerns on this matter to their representative in the National Assembly.
- Simultaneously support a study on these structures of *tutelle* through an institution such as IMRAD, ORSTOM, or the University of Mali.
- Support lobbying efforts based on the concerns of rural representatives and other stakeholders in cooperative and other associative matters.
- Write up and distribute the discussions of the members of the advisory committee and the report from the *tutelle* study. The distribution should include both civil society organizations, government offices involved and journals.

# Support Lobbying of the National Assembly during Ratification Process. AGRAM should be consulted on the institutions to involve. This will require much more reflection to accomplish a good representation of rural interests in the lobbying process. USAID is in touch with local NGOs with whom they have worked on such matters in the past.

# Project on the Application Decrees of this Law. This activity would be a logical continuation of the activities recommended immediately, above. Research and lobbying on these matters should not, however, wait until the law is passed.

# Further Examination of the Political-Economic Environment. While an enabling legal environment is essential, it is not sufficient to foster a thriving rural associative movement, particularly in matters of agricultural production. The ways in which rural producers are

embedded in oligopsony and monopsony markets and in hierarchies of government regulation on production and exchange must be addressed if the associative movement is to thrive. To accomplish an effective analysis of these problems requires:

- A systematic analysis of major agricultural commodity chains (*filières*) (this will require the development of a research plan and of market surveys and questionnaires, etc.). The choice of researchers for such activities should be based on the recommendations of AGRAM.
- Cooperatives and cooperative associations should be involved in exploring how they can retain a greater portion of the benefits from their agricultural activities.

# Research and Support on Self-monitoring Systems for Financial Control of Cooperatives and Associations. See the text of the recommendation in the body of the report for more details. There are emerging institutions in the rural areas across West Africa inspired by the Praia conference on natural resource management held in the Cape Verde Islands in 1991. In some places in Mali these are called Kafo Giginew—translated as “Seed of the Union.” One research organization, IMRAD, suggested that cooperatives could have their own control agency at the level of the communes. This group has been involved with the *Fonds d’Investissement Local* (FIL—local investment funds) system of self-management. This is based on local control committees. This matter merits more research (see Lefay et al., 1998; Diakité, 1988; Diallo, 1997; Maiga and Komota, 1998; SIWAA, 1996; UCPECMS, N.d.). It is worth looking into how and whether these institutions and the statutes they are developing can fit into and benefit from the new cooperatives legislation.

# Education and Training. Several of the groups interviewed were interested in participating in educational campaigns to inform people of the new laws. The research team recommends that if USAID chooses to support education and training, they focus on teaching rural populations about their new rights under the new law once it is passed.

# Loan Guarantees. In the past USAID has been involved in providing loan guarantees for rural lending. This is a role that USAID could play again. It is impossible for this team to make a recommendation as to whether or how this would be a positive intervention. A review of past experience in this domain would be helpful. From the little we learned on this matter, it seems that a helpful approach would be for USAID to back the *first loans* given to cooperatives. This way the cooperatives could prove themselves and then later, perhaps with an attestation from USAID, have a better chance of getting loans from other institutions.

## C. Methods

This study is based on literature gathered and interviews with various stakeholders during the period from 27 August through 18 September 1998 in Bamako and in several nearby villages. The approach involves first locating the current cooperative reform in its longer historical and political-administrative context. The historical discussion is based on both the literature and interviews. Second the study examines the proposed law and compares it briefly with the law currently in force (RDM, 1998). Based on this historical analysis, an analysis of the new law and our interviews the third step was to lay out the main issues that emerged in our analysis of the law, reading of the literature and interviews. This section is followed by a sketch of the main concerns brought up by each of the

stakeholders interviewed. This material is presented in a table for readers who are interested in the specific opinions expressed by different interviewees. The table and stakeholder positions are not analyzed separately, rather they are reflected in earlier discussion of main issues. The recommendations were developed from the issues analysis.

The sample of interviews in this study is by no means representative of a cross section of Malian society or of those persons who have an interest in or are to be affected by the legal changes under study. In the limited time given for this study, the selection of interviewees was based on 1) their direct involvement in the reform process following the list of members of the steering committee for the rewriting of the law on cooperatives (RDM—République du Mali, 1995); 2) a list of persons and organizations given to us by USAID; 3) names of groups and institutions given to us by persons contacted for interviews; and 4) other groups within Bamako whom the consulting team felt might broaden the contacts to those affected by, but not included in, the reform process. The team also spent two days in villages along the road between Bamako and Sikasso interviewing administrators and cooperative organization representatives whose names were given to us by institutions within Bamako. The people interviewed are listed in Annex C.

This selection process introduces several systematic biases into the sample. First, the persons contacted are likely to be tied in with international donors and government. Second, they are likely to involve those persons that government has already selected to work on this topic, therefore embodying the biases of those within the State who constituted the steering committee and of those within USAID who have chosen the ‘civil society’ institutions with whom USAID works. Concerning interviews with cooperative members in the rural areas, the team was directed toward cooperatives considered to be examples of ‘success’. Therefore, these cooperatives are likely to represent those cooperatives whose experience and relation with the State agencies and with the legal framework have been relatively positive. Interviews with persons for whom the cooperative system has not worked may have added a dimension of critique that we were not able to derive from the sample to which we had access in a short time frame.

There are many groups within Malian society whom we did not have the opportunity to interview. The team would have greatly benefitted from extended interviews in rural areas with *Ton* (village level cooperatives) and *AV* (*Associations Villageoises*) members and with others who have not participated in or benefitted from this system. The team would also have liked to have the benefit of speaking with a wider variety of cooperative types, a better geographic representation of cooperative activities, a better sample of institutions at all levels of cooperative organization (AVs, Tons, urban Cooperatives, Unions, Federations and Confederations, Savings and Loans cooperatives), Banks involved in agricultural credit, representatives of political parties, researchers from institutions such as the University of Mali, ORSTOM, etc. Further, there is a rich literature on cooperatives in Mali and in the wider region. The study would greatly benefit by a systematic reading of and placement of its findings in this broader historical context.

## **D. Organization of Report**

This report is organized into six main sections. I. The Introduction and Summary, above; II. An Historical Essay locating the current reform in its political-economic context; III. An analysis of the current cooperative reform and the proposed cooperatives law; IV. A discussion of the main

issues that emerged in our readings, interviews and analysis; V. A presentation of the positions of the stakeholders interviewed; VI. Recommendations.

## II. HISTORICAL BACKGROUND TO COOPERATIVE REFORM

The word Cooperative cannot be uttered in Mali without evoking a long history of attempts by the various political regimes to harness the rural world for their particular economic and political ends. Some historical background on rural cooperatives in Mali is necessary to understand what people mean when they say the word cooperative and what people expect from this form of organization. Although this institutional form is changing in Mali, people's understanding of it is deeply rooted in past experience.

### A. The Colonial Period

Historically, the primary purpose of cooperatives across Africa was the creation of "...organizational structures to facilitate the production, collection and marketing of agricultural commodities destined for primary export" (Painter, 1990:58). The production and marketing of staples—subsistence crops—has been secondary. The early French policies creating cooperatives in West Africa were driven by external demand, rather than internal markets. In the post colonial period cooperatives were also used to produce low-priced staples to feed urban centers and they served as a tool for the central government to organize rural regions. The so-called "cooperative movement" in West Africa has been driven primarily by State interventions. The past cooperative efforts cannot be called a 'movement', since this term implies an emergence from the grassroots. (Painter, 1990:58-9.)

The first pre-cooperatives introduced after European colonization, *les Grenier Villagois* (Village Granaries), were introduced into French West Africa at the turn of the 20<sup>th</sup> century. In 1910, to capitalize on the *Greniers Villagois* experience, the Colonial State required granaries to be organized by *les Sociétés Indigènes de Prévoyance* (SIP—Indigenous Planning Organizations)<sup>1</sup> to be organized in every village (Décret of 29 June 1910).<sup>2</sup> The SIPs were charged with purchasing agricultural inputs, stocking granaries, introducing new cultivation techniques and the building of farming, transport and marketing infrastructure. Membership and dues were obligatory. These institutions soon became instruments of the Colonial administration. The SIPs funds often fed local administrative budgets (RDM, 1989:3-4). This was the beginning of a long history of organizations imposed by successive States on rural populations.

In the 1950s the SIPs were replaced by State organizations designed to gradually "devolve" management responsibilities into local hands through *Sociétés Mutuelles de Production Rurale* (SMPR—Mutual Rural Production Organizations) (arrêté 24 August 1953) later replaced by *Sociétés Mutuelles de Développement Rural* (SMDR) (Décret of 13 November 1956). These organizations, located at the Cercle level, were to initiate, orient and supply local cooperatives with inputs and training. The presidents of SMDR administrative councils were to be chosen by a process determined by a local administrative order (i.e. their appointment was under local administrative control). In 1960, under the system of SMDRs, a new cooperative system was established. This system was composed of village-level *Groupements Ruraux de Production et de Secours Mutuel* (GRPSM or just GR), *Groupements Ruraux Associés* (GRA) at the Arrondissement level, and Federations (FGR) at

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<sup>1</sup> The Office of Niger also established *Association Agricoles Indigènes* based on the SIP in 1932 (Coulibaly, 1997:160).

<sup>2</sup> These SIP were modeled after the French experience in Algeria in 1894 and in Tunisia in 1907 (Painter, 1990:58).

the *Cercle* level (RDM, 1989:5-9.) The OPAM (*Office des Produits Agricoles du Mali*, located in the Ministry of Finance) representative bought all the grain that the GRs produced. Its task was to buy grain from surplus zones and to redistribute it to shortage areas and to stock grain to avoid shortages. Each FGR had a store, where members could obtain cooperatively purchased goods. The GRs were all structures of mutual aid and social security, whose officers were appointed by functionaries of the State (RDM 1996:4). An ordinance, No. 41/PCG, of 28 March 1959 required registration of Associations, Economic Interest Groups, Mutual-Aid Societies and others (French Soudan, 1959). The 1959 law permits all forms of association (*associations*) to freely organize (French Soudan, 1959:art.2). The law creates a second category organization, “declared associations” (*associations déclarées*) enjoying legal recognition when registered with the State (French Soudan, 1959:art.5-7). A third category, associations of “public utility,” (effectively non-profits) could also be registered under this law (French Soudan, 1959:art.13-21).

Clearly, despite the Stated intentions to devolve powers and responsibilities, the cooperative systems set up under colonial rule were profoundly centralized systems of rural control. The colonial cooperative system was set up on behalf of mercantile and industrial interests in France and aimed to facilitate European access to primary agricultural products. The cooperative system also supplied revenues to the colonial government through taxes on producers and on exports. (Painter, 1990:59.) It was not until the eve of independence that a more open seeming system was legislated.

## **B. Independence to the Third Republic**

### **1. The First Republic**

Practices of organizing rural cooperatives and choosing of their leaders were carried over into post-colonial administrative practice. Under Modibo Keita’s Socialist regime (1960-68) the law 63-21/NARM of 25 January 1963 created a general statute under which cooperatives were organized as a branch of the State. Under this regime the local sections of the single-party State appointed cooperative heads and ran the cooperatives as party units.

Urban cooperatives took a more open form. They were, however, organized by *quartier* and their membership was still obligatory. Each family was represented within the cooperative by the head of household (Masiga Diawara, Personal Comm.). By the Law No. 63-21 of 25 January 1963, cooperatives in urban centers were permitted to freely organize in all domains. The Direction Nationale de la Coopération (DNC) was created in 1967 to direct and promote cooperative activities (law 67-12 of 13 April), taking over oversight (*tutelle*) functions from the Direction Nationale de l’Agriculture. (RDM, 1989:6-7.)

In the first decade of independence, cooperatives were characterized by State control through the apparatus of the single party State, the use of cooperatives for political ends and an absolute monopoly of cooperatives on commercialization of agricultural products (RDM, 1989:7.) By the end of this period, rural populations were mistrustful of cooperatives due to useless political measures, collective farms for provisioning OPAM, etc.

A May 1968 National conference on rural cooperation (*Seminaire National sur la Cooperation Rural*) recommended the elimination of the SMDRs and greater support for the GRs

and FGRs so that these ‘pre-cooperative’ structures could develop into *Coopératives Agricoles Multifonctionnelles* (Multipurpose Agricultural Cooperatives). The November 1968 military *Coup d’Etat* fettered the proposed reforms and the existing laws were not changed during the military regime, however, they were also not enforced. The SMDRS were eliminated following the 1968 conference.

## **2. The Second Republic: 1968-1991**

Moussa Traoré’s military government (CMLN—*Comité Militaire de Libération Nationale*) was without constitution from the 1968 coup through 1974. The military regime viewed the cooperative system set up by Modibo Keita as a socialist endeavor, which the military government did not want to support. They did little to promote or work with cooperatives during the first years of the regime. The military regime’s party, the UDPM (*Union Démocratique du Peuple du Mali*), talked of the elimination of the cooperative system from 1968 to 1972 (Coulibaly, 1997:160). With a new constitution developed by the military regime and ratified by referendum in 1974, the only legal party, the UDPM, re-launched the cooperative strategy. The UDPM substituted the existing ‘imported Western’ cooperative forms with forms based on “traditions of village solidarity” (RDM, 1989:10). The idea and hope that voluntary collective participation could be promoted through traditional forms of social organization was embodied in the notion of the *Ton Villageois*<sup>3</sup>, where the Ton is said to be traditional form of village mutual aid organization. The Ton was to be the basis for national development directed by the regime. Tons were first informally established in about 1974.

During this period, the State created new government offices, *Opérations de Développement Rural* (ODR—Rural Development Operations, institutions like the Tennessee Valley Authority in the U.S.) to take over the supplying of inputs and the marketing functions that were previously part of the (also State-organized) cooperative hierarchy. The ODRs included the Office du Niger (ON), the Compagnie Malienne de Développement Textile (CMDT), the Office de la Haute Vallée du Niger (OHVN), Programme Riz-Sorgho in Gao, Opération Mali-Sud, Operation Mil de Mopti, Operation Riz de Mopti, Operation Pêche de Mopti, Projet de Développement de l’Élevage dans le Sahel Oriental (PRODESO), etc. These ODRs were Donor funded and geographically distinct. According to our interviewees, many of these operations were funded by USAID. In addition, new government-run structures of technical assistance, *Centres d’Assistance et d’Animation Coopératives* (CAC—Cooperative Assistance and Mobilization Centers) were also created during this period. (RDM, 1989:8-9.) While already established in practice, Tons were not inscribed in law until Décret No. 53/PG-RM of 27 February 1982 (RDM, 1989:11).

Because rural administrators were promoted based on the number of Tons they could create, many were created in little more than name alone. These rural institutions were often run by party cadres in the villages and were under the tight management of an administrative hierarchy.

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<sup>3</sup> Ton is a Bamana word meaning mutual aid society (Kanté et al., 1994:84). While the establishment of Tons was pronounced as an attempt to base rural development and organization on ‘traditional structures’, Coulibaly (1997:158) points out that the Tons were originally an attempt to *replace* traditional powers.

### C. The 1988 Cooperative Law Currently Under Revision

In 1988 the National Assembly passed law (88-62/AN-RM of 10 June), reorganizing the principles of cooperative organization in accordance with the International Cooperative Alliance. These new principles included: voluntary membership, democratic management, equal division of economic benefits, limited interest on capital, provision of education to members and participation in inter-cooperation (alliances with other cooperative organizations) (RDM, 1988:art.2,21). This new law was to replace State organization of cooperatives with voluntary membership. The new law defines “cooperatives” and “Ton Villagois,” and regroups all forms of “...pre-cooperative structures that exist on the ground...,” including *Associations Villageoises*, *Groupements Ruraux*, *Associations Paysannes*, etc. under the name *Associations Villageoises* (AV--Village Associations). Cooperatives under the 1988 law are voluntary, egalitarian associations with collective goals. Tons are a rural form of collective and representative (one person one vote) village-level organization.

The AVs are defined as pre-cooperatives in a process of apprenticeship of the techniques and practices of Tons. AVs can achieve the status of Tons through a process guided (*encadré*<sup>4</sup>) by oversight and training (*tutelle*<sup>5</sup>) from institutions such as the Direction Nationale de l’Action Cooperative (DNA-COOP), the new name for the Direction Nationale de la Coopération (following the Law 86099 AN/RM of 9 February 1987). The AV are not given legal standing in this law. Cooperatives, Tons, Unions of Cooperatives or Tons and a National Federation of the Cooperative Movement are all recognized (RDM, 1988:art.2). While the AVs and Tons are clearly intended to be rural institutions, Cooperatives are not limited to urban areas in the 1988 law. In practice, however, the form called Cooperative is systematically limited by the State to urban areas.

As with past cooperative policies, the 1988 law attributes to all of these institutions the specific aim, among others, of maximizing economic productivity and contributing to social and economic development more broadly (RDM, 1988:art.2,5.2). All are also given benefits based on their non-profit status and their goals as agents of economic development. But the law also States that “In all cases, this aid must not imply any interference with these Cooperative Organizations, nor be diverted by obligations contrary to their social objectives.” (RDM, 1988:art.5.2) In practice, however, there has been much interference. These Stated social goals of cooperatives, Tons and AVs and the privileges they receive when they have been judged to be serving these social ends is at the root of the complex and dependent relation between these institutions and the State.

The 1988 law treats Cooperatives, Tons and AV differently. Each institution is discussed below.

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<sup>4</sup> The translation of the word *encadrer* is difficult. It literally means to put into a frame or flank. It means at once to guide, to instruct, and to direct. In a sense, it implies the channeling people into a particular framework.

<sup>5</sup> *Tutelle* is defined in the *Dictionnaire de Française* as 1. “Mandate given to someone to watch over the person and goods of a minor, who has a major incapacity. 2. Protection, safeguard.”



## 1. Cooperatives Under the 1988 Law

Cooperatives enjoy legally recognized corporate status (*personalite morale*) (RDM, 1988:art.3). They also enjoy financial autonomy. There are several ways, however, that the 1988 law limits their freedoms. It gives the authority to approve the setting up of a cooperative to “*l’Autorité Administrative compétente*” (the designated administrative authority), which is a bureau to be designated by administrative *arrêté* (departmental order) or by an other unspecified law. This leaves a great deal of power or discretion with unspecified State bodies or para-statal bodies. In practice these were the ODRs. The law also does not permit more than one cooperative with the same social objective in the same territory (except if approved by the oversight authority) (RMD, 1988:art.7.3). Those members who contribute shares at the outset were not able to obtain a reimbursement upon leaving the cooperative (RDM, 1988:art.8) and no member was permitted to hold more than fifteen percent of the cooperative’s shares without permission of the *autorité de tutelle* (RDM, 1988:art.8.6). The 1988 law also required an annual contribution of 25 percent of the cooperative’s surplus production (up to the point that an amount equal to ten times the cooperative’s initial capital is amassed) to a fund earmarked for education of cooperative members (RDM, 1988:art.13.2).

The 1988 law defines a number of specific domains in which cooperatives can function (by sector: herding, fishing, agriculture, artesional production and by function: production, consumption, savings and loans). Rather than stating that any group with any collective goal may organize, the particular domains (of which there are many) are spelled out in the law. It also States that this enumeration is not intended to be limiting (RDM, 1988:art.15). (This point is important to emphasize in educational campaigns concerning the diffusion of the law.) This law includes savings and loans cooperatives (RDM, 1988:art.15.5). The ministry charged with overseeing cooperatives (*Autorité chargée de la Tutelle*) must develop model statutes for all of the different enumerated categories of cooperatives. These model statutes must be designed in consultation with all other ministries concerned with the particular sector (RDM, 1988:art.16). These statutes must be followed by cooperatives for the registration process. And, the representative of the *Autorité de Tutelle* must be informed and consulted (RDM, 1988:art.17). In this manner, the law devolves great powers over cooperative registration to different technical services, instituting a dynamic of direct dependence on the technical agencies for the creation of Cooperatives. This sector approach pre-defines the purposes for which cooperatives can organize (even if it is not intended to be limiting), rather than presenting a general form of registration in which the purposes defined by the members can be freely Stated.

After submitting a request for registration, the feasibility of the endeavor must be approved by “the competent administrative authority” within two months (RDM, 1988:art.18.1). Once approved, the members of the cooperative must meet and compile the necessary papers, including a written demand, a copy of the cooperative’s statute, the minutes of their meeting and an account of their finances to this same authority. This application is then considered by an ad-hoc committee of the *Comité Local de Développement* (the Local Development Committee) informed by the regional technical authority. A response must be delivered within two months of the request. Within one month of a positive response, the cooperative’s president must deliver to the local civil court the minutes of the meeting of the ad-hoc committee along with a copy of the cooperative’s statute. (RDM, 1988:art.19,20.)

The internal organization of cooperatives includes a General Assembly of all members, and elected Administrative Council with an elected president and a surveillance committee (art.24-42). The functions of the General Assembly and Administrative Council remain the same in the 1998 proposed law (discussed below). The president of the cooperative must invite the *Autorité de Tutelle* to meetings of the general assembly. This agent is permitted to speak as an advisor (art.32). (In practice it appears from our interviews that these agents exercised excessive control.)

Any cooperative needing to hire a manager may do so under conditions "...duly assessed by *l'Autorité de Tutelle*..." and approved by the cooperative, the cooperative administrative council may hire a manager. The wording here is ambiguous. It is not clear if that manager is under the control of the cooperative's administrative council or under the control of the *Authorité de Tutelle*. (art.39.3,43.1.) In practice it appears to have been the latter.

## **2. Ton and Associations Villageoise in the 1988 Law**

The *Ton Villageoise* is given a legal status in the 1988 law. Tons are effectively structures for the representation and development of villages and fractions (nomadic groups). Contrary to the principles Stated in the first articles of this law, their membership is obligatory and there can be only one Ton per village or fraction (RDM, 1988:art.55). The Ton is conceived as a regrouping of the entire population of a given village or fraction, with elected leaders, a budget constituted by contributions (effectively a tax since participation is obligatory) of its members, and the responsibility to direct a number of social services (education and health) and development tasks. In this sense, Tons were effectively designed to be local representative governance bodies under central State guidance (via *tutelle*). They were also charged with coordinating development efforts and projects with other services of the central government. (RDM, 1988:art.53-4.)

To form a Ton, the 1988 law requires that each village or section first form an AV (art.57). To form an AV, its organizers had to present their intentions to the "*Commission Technique Ad hoc*" which was a sub-unit of the "Development Committee" at the level of the *Cercle*. This consists of a Statement of membership and the names of officers of the AV (art.60). The *autorité de tutelle* then registers the AV. AVs do not have a legal standing (art.61.4). To become a Ton the AV had to be periodically inspected by the relevant technical service (such as the ministry of agriculture, the forestry service, etc.) (art.62). These technical services could approve the graduation of AV to Ton. The internal structure of Tons is the same as that of cooperatives. The *tutelle* of AVs and Tons is discussed in the section on *Tutelle and Encadrement* below.

Under the 1988 law many AV did not become Tons. This was attributed to a number of phenomena related to us in interviews. First, in the CMDT zone, the CMDT did not want peasants to be independent and therefore did not allow cooperatives to graduate to Ton—despite the fact that State agents were awarded for the number of Tons they created. In addition to this, since there could be more than one AV in a village (but only one Ton), many villagers did not want to regroup into one unit. Further, the ODRs (such as the CMDT, ON, OHVN) would lose control of their function as surrogate borrowers if the AVs graduated to Tons, obtained legal standing (*personalite morale*) and could therefore get loans on their own. ODRs also lost control of some of their *tutelle* and *encadrement* functions when AVs graduated. Because of this ODRs reportedly blocked their promotion.

Bingen et al. (1994:5), however, attribute the lack of registration as Tons in the OHVN zone to administrative support and guarantees provided by government which left AVs with almost no motive to become Tons. The Schéma Directeur du Secteur Développement Rural (Master Plan for Rural Development) of the MDRE (Ministère du Développement Rural et de l'Environnement—recently 'Environnement' was replaced with 'Eaux') described the problem as:

...the 'informal' [legal] character of these associations (the absence of legal standing) risks to create problems as they enter into more commercial relations. As long as the AVs exclusive partners are the ODRs, there was no danger. Things are different as soon as there are multiple partners: In commercial relations, in the event of failure of one the association's suppliers or a buyers or of the AV itself, what recourse can they take if the AV does not have a legal existence? (In Bingen et al., 1994:5.)

Another important point made by Bingen et al. (1994:5) is that the complex process of registration also discouraged AVs from registering as Tons.

In short, the experience under the 1988 law (discussed above and further in the Main Issues section) did not represent a great change from the top-down management of the rural world by State agents in the name of development and economic production. In addition, what was written in the law was not necessarily what was done in practice.

### III. THE CURRENT COOPERATIVE REFORM

#### A. Project To Revise Cooperatives Laws

Since the revolution of March 1991 there has been a general withdrawal of the State from the management of rural institutions. Nevertheless, several of the ODRs are still in operation and there are still extension workers in rural areas. According to one Cooperative Union manager, “international pressures have caused the State to disengage from the cooperatives since about 1992. There has been confusion during this period concerning the different types of associations existing in rural areas and their legal status. The 1991 constitution enabled all forms of association to freely organize. Some are organized as associations under the 1959 law, others registered with ODRs under the 1988 law, yet others have not registered at all.”

The current reform was launched because State administrators felt that the 1988 law, requiring intensive central State involvement in the cooperative sector did not fit into the new politics of decentralization and liberalization. The first cooperative sector reforms were in 1994 and 1996. They applied to mutual societies (insurance and social security collectives) and savings and loans cooperatives (RDM, 1994;1996). There seems to be little concern within the administration about these two new laws (cf. RDM, 1998a:2). With the passage of the Mutual and Savings and Loans Legislation associations remained under the 1959 law, while the AV, Tons and Cooperatives remain regulated under the 1988 law. The current reform will eliminate AVs and Tons, reducing these existing forms of cooperative to “société coopérative.” These cooperative societies, which I will call ‘cooperatives’ from here on, are non-profit organizations whose concern is economic in nature.

To launch the current cooperative reform, the Ministry of Rural Development and of the Environment constituted a steering committee in August 1995 for the re-writing of Cooperative Legislation (*Comité de Pilotage de la Relecture de la Législation Coopérative au Mali*) (RDM, 1995c).<sup>6</sup> The committee was constituted of members of 14 different groups, with five representatives of the *Direction Nationale de l'Action Coopérative et du Développement Régional et Local* (National Office of Cooperative action and of Local and Rural Development, DNACOOOP-DRL). The project was dubbed LEGISCOM (projet de relecture de la Législation Coopérative au Mali). The first step in this process was a December 1995 National Seminar on cooperatives convened by the MDRE. The seminar recommended the revision of cooperative laws, regrouping under the term Cooperative Societies (*Sociétés Coopératives*) the ensemble of collective organization including what are currently called Cooperatives, Tons, and AVs (regulated under RDM, 1988) (RDM, 1996:12).

In 1996 the Ministry for Rural Development and the Environment, funded by the ILO and the UNDP, organized eight regional meetings to publicly debate reforms in the cooperative sector (RDM, 1996:3). In addition, ILO organized a West African meeting in Abidjan in April 1996 for a number

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<sup>6</sup> In December 1991 a conference of 300 invited persons “representing” the rural world entitled “*Etats Generaux du Monde Rural*” reviewed rural development policy in Mali. The participants determined that the 1988 cooperative texts were poorly adapted to the local institutional context. The minutes of this meeting Stated “Considering the necessity to organize the rural world,” “Considering the insufficiency of results of existing institutional forms in the rural milieu and the need for the emergence of new types of rural enterprises,” they recommended “Promotion and support of cooperatives, Tons and AVs” (RDM, 1991a:8,29). These recommendations were not very radical.

of African countries currently reforming their cooperative laws to share their experiences and to develop a framework for their reforms. In 1997 MDRE organized a National Workshop on the elaboration of the new cooperative laws. All of these activities were supported by UNDP and ILO (RDM, 1997). It would be worth examining this process more closely to see how participatory the development of this law has been. Many of the people interviewed felt that the participants in the regional and national conference did not represent the rural areas. In general, these participants are invited by the Ministry organizing the conference.

From this process the steering committee of LEGISCOM (Legislation Cooperative au Mali) drafted the new legislation (RDM, 1998). This draft was presented to the Council of Ministers on 28 May 1998 for approval. It was not approved at this meeting since the Council felt it necessary for the MDRE to consult the Ministère de Santé, de la Solidarité et des Personnes Agées (RDM, 1998c). This consultation is to ensure that the specific interests of the Ministère de Santé are sufficiently considered in this new law. Given the involvement Ministère de la Santé in highly successful health collectives and their interest in welfare as affected by Mutuals and Savings and Loans cooperatives (which are governed under different laws, but which are also institutions with similar status), the consultation was described as a matter of formality. An ILO representative was concerned that the blockage might be due to a larger misconception of the spirit of this law wherein the Minister of Santé aims to use cooperatives as a means of managing larger social concerns (solidarity, development, fight against poverty, etc.). In discussions with persons involved in every aspect of the legal project, however, all felt that the law would pass through the Council of Ministers within a few weeks.

An other important contextual piece of information concerning this reform is the 1997 re-organization of the MDRE into three '*Directions*' or Service:

1. *Direction Nationale de l'Appui au Monde Rural* (DNAMR);
2. *Direction Nationale de l'Aménagement et de l'Équipement du Monde Rural* (DNAEMR); and
3. *Direction Générale du Contrôle et de la Réglementation* (DGCR).

Some have argued that the last of these should be privatized and others have argued it should be moved into the Prime Minister's office—out of MDRE. This is a critical debate since these are the State offices that will ultimately have the powers over cooperatives access to credit and services of the State. This re-organization needs further examination since: 1) it may represent the re-establishment of old state structures of management and control; 2) its organization may be overly centralized; 3) many functions that are not necessary may be being maintained; and 4) many functions that should be privatized may be being retained as State functions. We use the word *may* here to indicate that this study has not had the time to review these proposed structures.

Cooperatives in the new political environment are still described by the State (MDRE and CAMOPA) as tools of development. They are tools for assuring the distribution of the fruits of economic growth and for assuring the minimum basic needs of citizens. They are also described as having a function in the maintenance of a consensus among different social actors. These are all consistent with the roles attributed to cooperative efforts in the past. The main difference here is that the State now describes its role in supporting cooperatives as the creation of an enabling economic, legal and institutional environment. The State also recognizes that "Cooperatives Societies are part

of the private sector and that they present *important opportunities* for socioeconomic development, but they are not instruments of the State” (RDM, 1996:9—italics in original). The new goal under the decentralized regime is “...the creation of a new, more responsible and autonomous citizenry” (RDM, 1996:9).

The documentation presented to justify this reform, however has some contradictions within it. This new policy “limits the State” to a regulatory role including: “orientation, facilitation, licensing and permitting, arbitrage and control” (RDM, 1996:10). The State’s roles include, among others: “increasing the competence of directors and managers through training, information and exchange of experience,” “encouragement of the regrouping of cooperatives into unions and federations,” and “encouraging the relations among cooperatives at the regional, national and international levels.” This role, however, is rather broad and does not appear very different from the roles ascribed to the State in cooperative matters in the past.

While all parties interviewed pointed out that the ‘control’ functions would be limited to assuring that cooperatives were legally registered and were operating within the law, the written texts contradict these statements and *do not guarantee these limits*. The institutional framework for regulatory controls (considered non-transferable from the State) are being organized by decree (see RDM, 1996:18 and RDM, 1998b). Non regulatory functions, such as education, training, accounting, and management, *can* be devolved from the State to private organizations such as NGOs, projects etc. (RDM, 1996:18). Further, while all parties interviewed felt training was necessary, they all expressed that training will be limited to cases in which cooperatives call for it. It will be demand driven. There is, however, a risk in these formulations that the old intrusive forms of control (*tutelle*) and training (*encadrement*) will re-establish themselves since State agents will still be involved in facilitating cooperatives access to subsidized inputs and credit. Under these circumstances, cooperatives may be *obliged* to accept (even to call for) both control and training to gain access to these State allocated benefits.

The process of development of this law will include several steps. The first steps have already been taken: 1. The appointment of a working group for the revision of the law (CAMOPA—if the MDRE); 2. The regional and national conferences for soliciting participation in the development of the text<sup>7</sup>; 3. Submission of the text to the Council of Ministers for approval. Once this approval is obtained, the law will be forwarded to the National Assembly for debate. At this point there is much room for further participation by interested parties and revisions of the proposed text. After the law is ratified by the National Assembly the measures of accompaniment that follow will include: 1. the development of a *décret d’application* (application decree) by the Ministries concerned and its approval by the Council of Ministers (decrees do not require ratification by the National Assembly); 2. the development of ministerial decrees or inter-ministerial orders detailing the implementation of the law; and 3. education campaigns to diffuse the new law. In addition to these steps, other decisions concerning the location (as in which ministry) of and exact roles of control and promotion functions will also be decided by decree.

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<sup>7</sup> CAMOPA has revised the law three times. Everyone who was at the regional meetings was then sent a copy. CAMOPA received 200 responses. They brought these different commentaries together to examine them case by case. We are not certain what was done with these responses.

## B. New Cooperative Legislation: 1998 Proposed Law

The proposed legislation defines Cooperative Enterprise (*les Sociétés Coopératives*) as "organizations of private individuals founded on union, solidarity and mutual aid principles, in which the members voluntarily come together to attain common economic and developmental goals through the constitution of an enterprise which they manage democratically for their own collective benefits and risks, and in the operation of which they actively participate."<sup>8</sup> (RDM, 1998:art.1.) The proposed law (loi No. 98/ANRM) does not apply to registered associations (*associations déclarées*) or to non-registered association given the freedom to gather and organize under Ordonnance No. 41 PGC du 28 Mars 1959 (French Soudan, 1959),<sup>9</sup> nor insurance and social security associations (*associations mutualistes*) registered under the law No. 94-040 de 15 Août 1994 or credit unions (*coopératives d'épargne et de crédit*) registered under the law 96-022 of 21 Février 1996. (RDM, 1998:Art.2).

Any group of at least five members all at least eighteen years of age can register as a cooperative (RDM, 1998:art.4-5). Registration requires no fees. The procedures include: three copies of a request (in the form of a *procès verbal*, or minutes) from the constitutive assembly (*assemblée constitutive*) signed by the founders; three copies of the cooperative enterprise's statute (by laws); a list of members of the administrative council (*conseil d'administration*—often called 'bureau') and oversight committee to which papers attesting a clean criminal record (*extraits de casiers judiciaires*) dated no more than three months earlier and certificates of residence of those interested must be attached; and an account of the State of paid dues and contributions from which at least half of the shares will be covered.<sup>10</sup> (RDM, 1998:art.6.)

The registration is approved following an evaluation by a Civil Court of the required documents. The Court must respond within two months or the registration is automatically approved (RDM, 1998:art.7). Registration confers legal corporate status (*personnalité morale*) (RDM, 1998:art.10). The lifetime of the cooperative must be specified in the cooperative's statute (RDM, 1998:art.12).

Each cooperative is constituted of 1) a General Assembly regrouping all of the cooperative's members is the body with the ultimate and sovereign power to deliberate and make decisions (RDM, 1998:art.18). The general assembly has the power to elect its president, its administrative council and its oversight committee as well as to make cooperative rules, to determine goals and projects of the cooperative and to allocate and approve the use of funds (art.20). The General Assembly must meet at least once each year (RDM, 1998:art.21). Decisions of the General Assembly are to be taken on the basis of one person one vote (RDM, 1998:art. 22). Decisions are taken on the basis of the majority of members present or represented (RDM, 1998:art. 24). The cooperative's president or vice

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<sup>8</sup> Translation Note: "...sont des Sociétés de personnes de type particulier fondées sur les principes d'union, de solidarité, d'entraide mutuelle, dont les membres se sont volontairement regroupés pour atteindre un but de développement économique et social commun par la constitution d'une entreprise qu'ils gèrent démocratiquement à leurs avantages ou à leurs risques communs et au fonctionnement de laquelle ils s'engagent à participer activement." (RDM, 1998:art.1.)

<sup>9</sup> The freedom to associate established in the 1959 law is now also assured by the Malian Constitution (RDM, 1992:art.5).

<sup>10</sup> *L'Etat des souscriptions et versements effectués duquel il ressortira que la moitié au moins du montant des parts sociales a été libérée.*

president chair General Assembly meetings. Minutes of General Assembly meetings must be kept by the cooperative secretary and signed by both the secretary and president (RDM, 1998:art.23).

The administrative council operates as the executive body of the cooperative. It is constituted of three to ten elected members. It is not remunerated for this role, but its expenses are reimbursed and it has the power to hire persons to execute the business of the cooperative. The cooperative president presides over the administrative council (RDM, 1998:art. 28-33.) The oversight committee is an internal policing body of three to five persons working in a collegial manner. This committee surveys the cooperative's books, accounts and inventories and provides the general assembly with an annual report (RDM, 1998:art.34-38). The president, vice president, administrative council and oversight committee are elected every three years by the General assembly. (In essence the law is mandating many of the operational by laws.)

Cooperative funds can be acquired by contributions and subscriptions of members and by other contributions. The cooperative's books close at the end of the civil year. At this time the administrative council must prepare and present a report to the general assembly including: the report of annual activities, the financial accounting report, a provisional program and budget for the next year, the report of the oversight committee and the report of an external controller for the certification of accounts (RDM, 1998:art.47). (RDM, 1998:art.39-47.)

Cooperatives are required to report each year to the government administration charged with the regulation and control of cooperatives (this will be the *Direction Generale de la Réglementation et du controle du Secteur du Développement Rural*, DGRCS—whose location within the government is still to be determined, see RDM, 1998b). The annual report is identical to that presented to the general assembly of the cooperative, consisting of: the report of annual activities, the financial accounting report, a provisional program and budget for the next year, the report of the oversight committee and the report of an external controller for the certification of accounts (RDM, 1998:art.49). This administration is also charged with assuring the diffusion of cooperative principles in Mali (RDM, 1998:art.50). This administration is also responsible to verify the proper registration and reporting by cooperatives and has the power close the any delinquent cooperative after a period of six months of default if the cooperative does not meet its requirements (RDM, 1998:art.51). After two years of continued delinquency the above mentioned administration can call for an extraordinary session of the general assembly (see RDM, 1998:art.25-7) of members in which it can dissolve the cooperative (RDM, 1998:art.51).

Cooperatives are able to fission or to join (RDM, 1998:art.52-6). They may also form unions, federations and confederations (RDM, 1998:art.57-9). Unions are second order cooperatives exercising management functions formed in the same manner as cooperatives and having their own statutes (RDM, 1998:art.58). A federation is a third order cooperatives which is an association of cooperatives or of unions of cooperatives whose purpose is to defend the cooperative movement, and confederations are associations of federations (RDM, 1998:art.59). Federations and confederations of cooperatives are subject to regulation under the 1959 ordinance regulating associations (French Soudan, 1959).

There will be a National Council of Cooperation whose organization and mode of operation will be specified by decree (RDM, 1998:art.60). There is also some discussion as to whether or not



the government will be involved in creating and managing this council. An arbitration committee will be set up by the National Confederation of Cooperative Enterprises of Mali to arbitrate problems that cannot be resolved within or among cooperatives concerned before disputes proceed to civil courts (RDM, 1998:art.63-4).

Cooperatives are exonerated from all income and commodity taxes (*impôts et taxes*) in conformity with the general tax code (Code Général des Impôts) (RDM, 1998:art.66). This article is still under discussion. The Ministry of Finance is considering which types of cooperative will and will not be tax exempt. This will probably be determined by ministerial decree.

This law annuls Loi No. 88-62/ANRM du 10 juin 1988 régissant le Mouvement Coopératif en République du Mali (RDM, 1998:art.76).

### **C. Differences between the 1988 Law and the Proposed 1998 Law:**

The proposed 1998 law differs from past practice in the following ways:

1. Elimination of the Tons and AVs as official categories. With this the elimination of the system of promotion from pre-cooperatives (AVs) to cooperatives (Tons).
2. Registration with the civil tribunal in lieu of registration with the *Commandant de Cercle* (RDM, 1988:art. 3,5; RDM, 1998:art.17).
3. Simplified (but not simple) registration procedures.
4. The new law allows membership in multiple cooperatives of the same nature if they are in different places, while the old law forbid any membership in multiple cooperatives with the same goals (RMD, 1988:22; RDM, 1998:art.13).
5. Some operations may be taxable under the new law since the minister of finance is contesting article 66 (RDM, 1998).
6. Change from one family having one vote in the cooperatives to a system of one person one vote.

There will also be other differences that cannot be seen by examining the two laws, but will have to be looked for within the application décrets and arrêtés and within the ways that new administrative structures are developed and interact with the new cooperatives.

## IV. MAIN ISSUES

There are a number of problematic aspects of the proposed law. Some of them are in the legislation now under consideration. Other problems threaten to emerge in the regulatory decrees and *arrêté* that will follow. Yet others concern the broader political-economic context in which the new cooperatives will be located.

Below the main issues that arose during our interviews and reflections are outlined.

### A. Rochdale Principles

The Rochdale principles of cooperative organization have been stated many times, but have not been applied to cooperatives in Francophone West Africa (or anywhere else in Africa for that matter—see Painter, 1990). The new law states these principles, creating an enabling environment for rural organization, rather than an imposed State run system of production and marketing in the name of cooperation (see RDM, 1996:11; 1998:art.1).

Cooperatives in Mali developed in a political-institutional environment under a single party system (whether colonialism or the first and second republics). It was developed *for* parties as a tool for politically and economically organizing and the rural world. Given this history, roles that cooperatives played in the past must be considered today in the analysis of any policies that build on or replace cooperatives as they have been conceived of and used in the past. For example, the roles of cooperatives as tools of State intervention, and their role as a State revenue base are areas in which problems may arise if alternative means for securing State development aims are not addressed or if a clear Statement of these changed roles is not produced and debated.

### B. *Tutelle and Encadrement*

*L'autorité de tutelle* is the administrative structure charged with the control and the training of rural populations. The 1988 cooperative law gave *L'autorité de tutelle* the mission of promoting cooperative activities, principles, and methods (art.73.1). They are responsible to survey the application of laws, create model statutes to facilitate cooperative creation, assist people to form cooperatives, inspect, and certify cooperative accounts. They are empowered at any time to inspect the constitution, operation and financial situation to assure their conformity with the law (art.73). Under the 1988 law (art.74):

Until the creation of a national federation of the Malian Cooperative Movement, the *autorité de tutelle* must assure promotion and assistance, such that:

- Guide cooperative organizations and orient technical assistance they need concerning organization and management of development.
- Development and implementation of educational and training programs for cooperatives...
- Produce and diffuse research and information...
- Review the accounts of cooperatives annually.

The 1988 application decree gives the *Représentant de l'Autorité Administrative* great powers in the establishment of Tons. These representatives of the administration must approve requests for Ton status by verifying the “cohesion, solidarity, mutual agreement, the rate of literacy, and the existence of a viable economic project” (RDM 1998a:art.2). The dossier requesting Ton status is then submitted to an ad hoc commission presided over by the *Commandant de Cercle* and composed of the technical ad hoc committee<sup>11</sup> for the development of Tons and two representatives of Cooperative Organizations of the *Cercle* (RDM, 1998a:art.3,5). The whole process requires agreement by the State Administrative Authority, registration with the Civil Court and registration by the *Autorité de Tutelle* (RDM, 1998a:art.6).

The MDRE (DNACOOOP-DRL) in the report of the January 1997 national workshop on the revision of the cooperatives law described the role of the State in cooperatives as follows: “The State must work with all of its means to safeguard the autonomy of cooperative management and their independence vis-à-vis administrative structures.” The report continues by describing the role of the State as limited to the assurance that cooperative institutions are within the framework of the law. In the next paragraph the report also States that “...the insufficient training and management capacities of cooperative enterprises justifies the establishment of specific accompanying [usually meaning information diffusion and training] programs” (RDM, 1997:23). Then in an interview a high official in the MDRE stated: “Promotion will no longer be a function of the State. There will be no more agents.”

The most difficult, tenacious and elusive issue that emerges when looking at cooperative reform is the long history of the centralized, technocratic and directive approaches to rural development—managed through cooperatives. Despite pronouncements throughout Mali’s colonial and independent history of intentions to devolve responsibilities, powers, managerial roles and benefits to small producers these directive roles re-emerge in the guise of *tutelle* and *encadrement*. The notion that cooperatives need to be guided (*encadrée*) by the State is questionable.

The cooperatives in all of their historical permutations have been used to help maintain State control over rural production and marketing. While the new cooperative laws appear in all intention to represent a step away from direct control, history warns us to watch closely to assure that what is given by one policy hand is not taken back with the other. The interests served by central control in the past and the functions that central control has played for different parties involved risks to re-establish itself within the cooperative sector or through other institutions linking the State, large agricultural interests and the rural world. To understand how the contours of power will change and how to prevent re-emergence of old patterns under the current cooperative law reform taking place within a much larger set of institutional reforms (i.e. decentralization and the new system of local representation) will require more in-depth study of both the legal texts and the larger political-administrative changes underway.

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<sup>11</sup> For implementation the 1988 law an inter-ministerial order (RDM, N.d.:art.4) established *Commission Technique ad-hoc* (Ad-hoc Technical Committees) within the existing system of *Comité de Développement* (Development Committees) at the Regional, Cercle and Arrondissement levels. The Cercle level committees were charged with training future leaders, promoters and managers of Tons. The Arrondissement level committees were charged with organizing and promoting educational sessions for Tons.

Important functions of control, management and exploitation have also been played by the ODRs the three largest of which are the Office du Niger<sup>12</sup>, the Office de la Haute Vallée du Niger, and the Compagnie Malienne pour le Développement des Textiles. These three institutions are considered by many to be States within the Malian State. Any complete history or analysis of cooperatives would require a close look at these para-statal *tutelle*, production and marketing institutions with their armies of extension agents. These institutions manage agricultural production (primarily for export) throughout Mali. Such a close look is beyond the scope of the present study. As a CAMOPA member pointed out: “Each ODR organized the rural world in its own manner.” For cases in which the relation of cooperatives with CMDT and OHVN is evoked, see Annex A.

The ODRs, of which many are now defunct, were the management organs by which the State created, trained and managed cooperatives. AVs and Tons had to register with the ODRs, ODRs could allocate loan guarantees for AVs and cooperatives, they provided training and were in charge of the promotion of an AVs to Ton status.

In the synthesis document from the 1997 national workshop on the proposed law, the MDRE suggested in its five recommendations “the institution of an annual audit of the accounts and of the management of higher organizations [unions, federations,...] of cooperative societies” and “the establishment of a plan for *progressive disengagement* [of the State] toward self-management of cooperative societies” (emphasis added).<sup>13</sup> These recommendations are made considering “the lack of rigor to date in the management of cooperative societies.” The other recommendations concern relatively minor details including the nomenclature of these new institutions, term lengths of internal cooperative officers, and dissolution procedures. (RDM, 1997:42.) Notions such as ‘progressive disengagement’ of the state must be questioned in this context: is there a real justification for engagement in management training in the first place? (See discussion of ‘bad management’ below.) Statements such as the above indicate that State agents still view their role as one of *tutelle* in the historical sense in which guidance if applied until State agents decide it is no longer needed. While several documents state that the only training provided by the state will be by request, there needs to be some statements in the laws that guaranteed that training will not become a requirement for those wishing to create a cooperative or a requirement for access to credit, other inputs or technical assistance.

The new *Direction Générale de la Réglementation et du Contrôle du Secteur du Développement Rural* (DGRC-SDR) will be charged with a number of the old functions of *tutelle* and *encadrement* (see RDM, 1998a). The development of policies, powers and checks and balances

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<sup>12</sup> The Office of Niger, for example, was established by the décret of 5 January 1932. This decree gave the ON the status of a public office with private standing (*personnalité morale*) and financial independence. The ON was charged with facilitating colonization and the development of fertile areas where they were to “...populate the land, create villages and teach black peasants new methods of cultivation” (Coulibaly, 1997:28). The administration ceded power over the area’s management to the point at which the ON can be considered as a “State within the State.” Despite the nationalization of the ON in 1960 and the “africanization” of its staff in 1962, its relations with the local population have not changed. The ON remains technocratic and directive (Coulibaly, 1997:29).

<sup>13</sup> The MDRE Action Plan (PAMDRE—*Plan d’Action du MDRE*) also foresees the ‘progressive disengagement’ of MDRE from direct production, commercialization and conversion activities (RDM, 1996:8).

of this new institution will play a key role in the future role of rural cooperatives and of the rural world more broadly. This development should be followed closely.

As one government agent working on this matter stated:

Old cooperatives were State organized. It is not clear that this law is really creating a different institution. Not clear that it is not just another State directed framework. To reorient the cooperatives, the State must give the movement to the members. The State does not need to *encadrer* this movement. Just help them get loans. There is no *tutelle* for other organizations. The danger is that the State will enter and will not leave.

Below are discussions of a few specific issues in the realm of *tutelle* and *encadrement*.

### **1. Sectoral *Tutelle*: Extension and Training Functions**

Deeply paternalistic attitudes are reflected in widespread assumptions that peasants cannot and do not have the ‘capacity’, skills or knowledge to manage their affairs. One research team, however, observed that “Given the rural policies since the 1960s, villagers across the OHVN zone have acquired considerable experience in matters of village organization” (Bingen et al. 1994:3). An AV president told us: “There are plenty of people in the rural areas who can manage the affairs of a cooperative.” Capacity may not be what is lacking.

Indeed, following Cheibane Coulibaly’s (1997) argument, many of the frustrations faced by the administration when trying to get Malian peasants to produce for the market are not due to peasants lacking competence. Rather, they are due to the ability of these peasants to withdraw from activities in which they have little interest (cf. Scott, 1976). The assumed lack of local capacity justifies leaving the door opened for the MDRE to become a training body as in has been in the past. While this training function may have its benefits and may also have its demand among farmers, there are several dangers inherent in these function.

The State agents involved in training were also involved in judging the progress of the AVs or Tons to which they provided assistance and assessing their maturity for the receipt of loans and other benefits. Being simultaneously in a training, assessment and allocation role placed enormous power in the hands of these agents. It created conflict of interests in that agents did not want to allow AVs to graduate to Tons since the Tons were more independent and therefore reduced the authority of the State agents. Second, the ability to judge the level of an AV or Ton and to allocate loan guarantees made these agents into mini power brokers. In addition, the affairs of cooperatives were so tightly monitored by these agents that they effectively managed the cooperatives, constantly claiming that the peasants did not have the capacity to do so themselves.

There is a new project underway to restructure *tutelle* so as to separate control and training functions (see RDM 1998b). There are, however, at least two problems with the new set of proposed administrative structures. First, the new institutional arrangements concentrate a great deal of power in one institution of control. Second, there is much more discussion needed before it can be determined where and how much *encadrement* is needed and how it should be delivered and by whom. These are matters for further inquiry.

This does not indicate that training is not needed and desired. Other cooperatives expressed great appreciation for the *tutelle*. Most of the cooperatives expressed gratitude for the training they have received. One AV president, however, felt that the extension services had no impact. They also expressed a desire to be self-training (*auto-encadrée*).<sup>14</sup> In other words, they prefer that the extension agents be from their own cooperatives. Everyone also agrees that there is a need for literacy and a great need to educate people about their new rights under the new laws. This, however, is not seen by many to be a role for State *tutelle*. The NGOs visited felt that they could take over many training roles. It is not altogether clear that they have the capacity to do so concerning matters of technical training in agriculture, forestry and other arenas.

## 2. “Bad Management” and *Tutelle*

Bad management in AVs and Tons was frequently cited by all parties interviewed. Some explained this as being due to State agents always managing the cooperatives for the peasants and therefore the peasants never learned about management.<sup>15</sup> MDRE argued that it was “the lack of reinvestment of cooperative surplus in education that left cooperatives without proper management skills.” It should also be noted, however, that several others argued there was no surplus to re-invest since it was stolen by the State agents.

Bingen et al. (1994:5-6) studied the management problem and remarked that in a survey of 100 AVs trained by CLUSA, almost two thirds did not document their management or documented it incorrectly. Another study also noted in 1986 that administrative files and financial documents did not exist in many AVs. Those associations that did have documentation “spread them throughout the village in the homes of various [cooperative] officials” (In Bingen et al., 1994:5). Bingen et al. (1994) do not attribute this management ‘failure’ to a lack of training. Rather, they attribute it to structural problems, “ambiguities,” in the division of responsibilities among cooperative members.

Bingen et al. (1994:6) also discuss the problem of the “hybrid” nature of the AVs. They retain the character of ‘traditional’ village groups. Because the Administrative Councils are made up of notables and the ‘animators’ are their family members, these are not whole-village organizations as the law States and decisions are not made in an open and collective manner. Decision are not really made in meetings of the Administrative Council, but rather, they are made less formally in the home of the chief or of local notables. One of our informants also told us “Cooperatives are often lead by

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<sup>14</sup> *Auto-encadrement* is the notion that cooperatives will have members trained to be local extension workers. In this manner they have their own internal technical services. This system was promoted by CLUSA and funded by USAID in the OHVN zone. The object of the CLUSA program was to “Give villagers the skills necessary to manage their own activities.” In doing this they also tried to promote among their trainers an attitude that they were more councilors rather than instructors who know everything. In this manner “Decisions are essentially made by villagers. This norm is strategic in our program since it requires that those who are themselves interested are at the center of all of the actions that concern them. It is thus necessary the exchange the old reflex of giving training agents the right to impose ‘their better solutions’ on the population.” (Bingen et al. 1994:22.)

<sup>15</sup> One informant, a former state official now working for a non-governmental structure stated: “Management is a big problem in cooperatives. There are few good managers since in the past the State agents of the *tutelle* managed cooperatives, Tons and AVs (stealing money in the process).”

powerful families and notables.”<sup>16</sup> Hence, to attribute the lack of documentation to matters of management capacity is misleading.

But there is an additional possible explanation for these findings: resistance (see Scott, 1976). Peasants are famous for their ability to withdraw from economic activities organized by the State when they do not see that it is in their interest. They drag their feet, they evade officials, they simply resist being directed and controlled through disengagement (see for example Coulibaly, 1998 for a deeper development of this argument in the zone of the Office of Niger).

An additional management training problem concerns the role that old state agents of the *tutelle* will play after the reforms are done. There are many employees of the MDRE and the technical services of *tutelle* who are demoralized by the loss of their old role in *tutelle*. The Decentralization Mission recently conducted a workshop with these people and found that many were extremely discontent with the new roles they are to have under decentralization. Some felt that there is no reason to allow peasants or rural elected representatives to take over control, management or training roles that these State agents are trained for. One government employee of the *Centre d’Animation Coopérative* felt that “Tons and AV are no longer feasible. They don’t function anymore since nobody from here [the local government agency] gives them assistance.... The cooperatives need *encadrement*.” He felt that without their *tutelle* these institutions could not even function. To assure that state agents given new roles do not return to practice their old practices of training and managing cooperatives, these feelings held by state agents will have to be confronted.

### **3. Control Functions**

Under the new law control functions are being reduced to assuring that cooperatives are properly registered and that they operate within the law. As a MDRE representative explained: “Control will now mean control of legality only.” In theory there will be no more promotional judging. Nevertheless, the State will still be involved in allocating loan guarantees (with a Fond de Garantie) there will still need to be some form of assessment for the allocation of these funds.

The 1988 law also promised to intervene simply to control the legal activities of cooperatives, State agents did much more than this. More research is needed to examine how and whether the new system being developed is significantly different than those in the past.

### **4. Shifting Scales: Cooperatives to Communes**

The system of AVs and Tons was until recently the only State-organized representative (in the way they are organized on paper) local governance structure in rural Mali. Because all adults were required to be members and because they elected their representatives, these were effectively systems of representation at the village level. The AV and Tons effectively replaced the chiefs in the representation of the village to the State (although village chiefs have always retained their official position as village representatives of the administration—see RDM, 1995b:art.60-73). The Tons and

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<sup>16</sup> “Members of the founding families of each village are generally members of the office [the Administrative Council] in most AVs” (Bingen et al., 1994:2). There are also five or six voluntary ‘animators’ in each AV, who generally are members of the families of Administrative Council Members (Bingen et al., 1994:2-3).

AVs had elected councils and presidents and were enabled to obtain loans (with the backing of ODRs or directly) from banks and were officially doted with economic autonomy. These institutions were also considered to be the units through which rural development was to be initiated and managed.

With the current cooperative reform, the cooperative system is being separated from the system of representation and administration. With decentralization, these functions are moving upwards to the level of the Commune which will have and elected council and president. The Commune Council will be given economic autonomy and legal standing (*personnalité morale*) enabling them to obtain loans directly from banks (RDM, 1996:8). Many of the responsibilities for local development (environmental management, education, territorial management, road construction and maintenance, agricultural production, etc.) will be devolved onto these new Commune-level governance units (RDM, 1995b:art.14-7).

When the AVs and Tons were the unit of rural development they were under the tight control of technical, financial and administrative organs of the State. Under the new system, these organs of *tutelle* (control and training) will address themselves to the Commune. There is a risk that the old patterns of State control through the system of *tutelle* will re-establish itself at the Commune level. This is a potential concern. The commune leaders, however, will have much more power than did cooperative presidents vis-à-vis the central government. Nonetheless, in all of the previous reforms, dating back to the early part of the century, it is clearly Stated that the formation of cooperatives is intended to devolve decision making power and control over management into the hands of local populations. In each period, however, the government took over these roles through these administrative structures.

## **5. State Intervention in the Creation of Unions, Federations and Confederations**

The 1988 cooperative law quoted above stated that the central government would *temporarily* aid in the creation of cooperative unions, federations and confederations. After these institutions got started the State would withdraw. The State never did with draw from management of these structures. The proposed law on cooperatives also states that the MDRE will temporarily intervene for the creation of “*Le Conseil National de la Coopération*, of which the organization and the operational procedures will be determined by decree, will assure in conjunction with other actors of the cooperative movement and while waiting for the effective institution of the Confederation of Cooperatives of Mali...” the functions attributed to cooperative federations and unions (RDM 1998:art.60). An earlier planning document stated that “Before the development of this federation, the representation of Cooperatives will be delegated to the National Council of Cooperatives” (RDM, 1996:19).<sup>17</sup>

The Chamber of Agriculture, the Minister of Political Parties and several of the NGOs interviewed are opposed to this intervention on the grounds that this is not a proper role for the State. The Chambre d’Agriculture feels that the Chamber could play a role in establishing these overarching

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<sup>17</sup> Further, this National Council will have considerable powers since the property owned by the former cooperative system (the SMDRs) will be transferred to this body (RDM, 1998: art.61). Several members of the Chamber of Commerce expressed concern that this property may not be returned to cooperatives.



institutions. The political parties also feel that this could be a role for them to play. NGOs expressed that they felt these institutions should emerge organically without the assistance of the State, but when the necessity arises within the cooperatives for structures of coordination and representation at higher levels. A member of CAMOPA also expressed that "Any tertiary structures must grow out of the movement. The movement is for the members. It is not to be organized by the State as before." Members of the Decentralization Mission were also against the State organizing unions, federations confederations, etc., even as an intermediate step.

In short, if it is organized from above by the State, the Chamber of Commerce, Political Parties, etc., it is not a movement, and is not very likely to be representative. This is a problem that must be addressed.

## **6. Environmental Control as the New Central Control of the Countryside**

In the past several years, enormous attention and international donor aid has been placed in environmental management. Much of the new environmental management is not necessary. Rather than elaborate environmental codes and plans that specify every act that is permitted (following the French tradition) a set of broad 'minimum environmental standards' could be established. But, the ministries charged with environmental management (which in this case should be called control) are instituting a system of management plans that will give the technical services enormous control. And, even where villages and communes can hire their own technical services, these new laws will require them to elaborate extremely complicated and unnecessary management plans.

Despite the rural populations requesting the elimination of the Forest Service in the 1991 National Conference, donors and the central state are supporting the re-establishment of the control functions of the environmental bureaucrats, functionaries and technicians over the rural world through a tight system of environmental management. Through detailed management plans that every commune and village will be required to develop, environmental management is now looking like it will be the new means for controlling the daily lives of rural populations throughout Mali. It is possible that the controls exercised over the rural sector through agricultural cooperatives in the past will no longer be as necessary since this control is now being established in the name of environmental management.

A more elaborate analysis of these issues is beyond the scope of this paper. For more detailed analysis this problem see Ribot, forthcoming; Ribot, 1995 and Schroeder, forthcoming.

## **C. The Roles of Cooperatives**

Everyone we interviewed stated that cooperatives should no longer be used as political tools as in the past. The representatives of political parties saw a new, more pluralistic political role for them. They felt that cooperatives could be used in two ways. They could be a source of income for the parties if the parties were to organize them, or they could be a source of votes if they were to provide assistance to the cooperatives. The notion that cooperatives should be a direct tool of State policy is no longer expressed.

There is some ambiguity on this point, however, since the members of MDRE and many other interviewees felt that cooperatives serve larger social and development functions. These functions include:

1. National integration and solidarity,
2. Social security,
3. Fight against poverty,
4. Drought emergency response, and
5. National economic growth.

There are a number of instruments said to be of rural ‘development’ that the Malian State has used since the early colonial period to increase and harness agricultural surplus. The use of collective forms of rural organization—Village Granaries, SIPs, collective fields, SMPRs, SMDRs, GRs, AVs, and Tons—have played a major role in this history. So have the political-administrative structures put in place to manage and to impel agricultural production. The use and function of cooperatives by Malian peasants and by the State has been framed by the laws that define cooperative organizations registration and privileges as well as by the political-administrative structures put in place to guide their ‘development’.

Many of the people interviewed felt that the new role is clearly specified in the law. They are voluntary associations whose role is to be determined by their members. Therefore, the above roles can only be played through the creation of incentives (such as tax exemptions and loan guarantees) or through the spontaneous initiatives by cooperative members. They gain their tax exempt status and their right to access to subsidized or guaranteed credit due to their ‘social function’. It is nevertheless important to keep clear the distinction between incentives and directives in the implementation and encouragement of these social goals.

#### **D. Guarantees and Access to Credit**

Access to credit and credit guarantees was an issue brought up by almost all those interviewed. This is a pre-occupation for cooperatives. The most difficult problem they face is a lack of collateral in the form of land titles or other fixed capital or in the form of third party backing guarantees. Legal standing of rural institutions, giving both borrowers and cooperative members the ability to bring contested matters to court is also an important factor in loan guarantees. The tax exempt status of cooperatives may also be of help. The second most important problem in borrowing and lending is corruption of cooperative administrative councils and presidents, State agents involved in the lending process and lending agents at the banks. On matters of borrowing and lending this team has little expertise. Our remarks are based on our sample of interviews.

##### **1. Experiences with Borrowing and Lending**

Based on the ensemble of our interviews, the following story of a milk production cooperative seems typical. One AV tried getting financing for several projects. They wanted to organize because there was a poorly managed Ton that took loans from the bank, a few members “ate the money and never repaid.” They felt they needed to organize because the ‘conjuncture’ (structural adjustment, etc.) made the price of milk drop and the herders could not feed their families. They had to sell

animals. They organized to get back on track. Their first action was genetic improvement through artificial insemination. Second they bought a large stock of fodder and sold it at a cheap price to members. Their production went from one liter per cow to three liters per cow.

They did several projects that were not financed. They then did a fattening project for which they requested a loan. BNDA wanted a guarantee for the loan. The project offered cattle, but the bank refused (since the cattle can die or walk away). The bank wanted land titles which they did not have. The Projet d'Agriculture Peri-urbane guaranteed half the financing, but the bank still refused. So, they did a project to increase milk instead. They raised 1,300,000 FCFA by borrowing from functionaries and merchants. They also tried asking for financing at embassies of the U.S. and The Netherlands. They are creating a savings and loans mutuelle, but they felt that this will not be sufficient.

Another AV had trouble with loans because of their dependent relation to CMDT. They could not pay their loans back on time because CMDT would not purchase their cotton on time because this particular cooperative was not in their zone of control. The cooperative had multiple problems because of this. (See Annex A.) This cooperative nevertheless made an important point: It is the first loan that is difficult. Once a cooperative is able to pay back a loan, the bank sees that they are trustworthy and will give them more loans.

The president of a Women's savings and loans mutuelle explained that for women, credit is difficult to get but accessible. NGOs make it difficult. There is a veritable Mafia of international organizations. [She did not explain how this works when I asked.] The big problem is that the loans mature too quickly. They must repay too soon. Also, the interest rates are too high. When they get money from a bank, the bank asks for a higher rate. Credit in a cooperative must be lower than that in a bank. The problem is that many women could not repay because they could not repay so early.<sup>18</sup> It is not clear that these problems apply more or less to women or men. Bingen et al. (1994:7) noted that women in agricultural AVs were disadvantaged in gaining access to credit due to their absence on administrative councils of AVs. This weakened their ability to negotiate for credit.

A union of cooperatives explained that: "Credit is a big problem. It is difficult to obtain credit because of history. Cooperatives cannot get loans because they are bad at repaying them. Bad management and corruption by the government agents who are in charge of the cooperatives are the cause. There is also the problem that cooperatives cannot pay regularly because it is difficult to sell products on the market. Markets are not developed. They harvest their crops and cannot sell them and they rot. There is also the problem that there are not enough qualified people. People are involved in activities. Nobody knows who pays whom when. There is a need for training. In general cooperatives must demand loans by the intermediary of the DNAMER who then negotiates with banks for them. Cooperatives can now, however, get loans themselves directly from the bank. Some have already done this. This is because they have *personalite morale* (legal corporate standing).

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<sup>18</sup> This report does not attempt to take a separate look at women's issues with cooperatives. The only indications we have of women's participation and exclusion are 1) that almost all of the people we were referred to were men, 2) Bingen et al. (1994:5) indicate that they found a few cooperatives in their research that excluded women, and 3) the expressions in this paragraph.

Corruption is another large problem that every group and cooperative mentioned. It comes in several forms. Quotes below and the descriptions suffice to outline the problem (for more on this see Diakit , 1998).

Researcher: “Merchants rob peasants by raising the price of inputs for which peasants have obtained loans. They rob them by lowering the price they will buy grains when they know that peasants need cash to pay back the loans.” He has also observed presidents of cooperatives who get money based on their status in the cooperative. They take credit in the name of the cooperative. “For example, the president takes a 5,000,000 CFA loan. When the cotton is sold, the value is 24M. The Bank takes out the 5M at the sale. Since the peasants know the value of the crop, the president takes a second loan at 6M. He pays 1M to the person at the bank who lets him get away with this and takes the 5M loan to repay the peasants. This way the cooperative does not know of his dealings and he keeps the 5M until things fall apart.”

One AV said that “the directors should not be so far from the villages that they can rob our money. We need good directors. Directors need controls. Voluntary organizations are a good thing if we can choose our directors.” “Failure of cooperatives is due to the Cooperative’s Council Office. The office is staffed by people who know the government and live in the Arrondissement, not peasants. I was in a cooperative where these people stole 2,000,000 FCFA. The president of the cooperative took the money.”

“In looking at mechanisms of control,” an ILO representative remarked that “to avoid fictive services one has to distinguish good from bad organizations.” The Manager of a Cooperative Union told us: “In the past grants given to cooperatives were eaten by government appointees.” Political party representatives pointed out: “The old cooperatives had problems of corruption. Banks too used robbed people and when debts were not paid they confiscated things.” There is, however, according to cooperative representatives little fraud in the establishing of a cooperative: “...perhaps 10,000 FCFA for moving the process faster, but you can get registered without paying.”

An other problem experienced by AVs is that without legal standing the ODRs could not act as surrogate borrowers. Since the ODRs could decide whether to promote an AV to the status of Ton, with legal standing, they did not want to do this since it presented a conflict of interest. The ODR would lose control of this function as surrogate borrower and lender if an AV became a Ton. Hence, they prevented them from achieving this higher status.

Another problem noted by Bingen et al. (1994:19) is that villagers become burdened by debts. NGO activities, helping villagers to get loans, can increase this burden, rather than relieving it. Differ projects may even give the same AV loans at the same time without being aware of it. These debts are a problem for peasants and could also, when they are not repaid, compromise the ability (by diminishing the credit rating) of peasants to get loans from banks.

Suffice it to say that the relation between cooperatives, cooperative leadership, State agents, donors and banks is problematic. It would be imprudent to generalize from the cases described to us. There are undoubtedly good experiences with borrowing and repayment, and there are also undoubtedly many reasons that people interviewed would express their frustrations before describing the things that DO work. More in-depth research on these matters is needed.

## 2. Problems Brought up

A number of issues emerged in our discussions, these include:

- # The Role of ODRs in guaranteeing loans,
- # The Role of economic oversight in guaranteeing loans,
  - Problem of tradeoff between oversight and the cost of money
  - Notions of self monitoring,
- # The role of tax exempt status,
- # Land titling as a form of guarantee,
- # Focus on initial loans and guarantees,
- # Access to markets
  - Market development
  - Monopsonies such as CMDT as in the case described in Annex A,
- # Training—knowing when to repay loans,
- # Repayment periods must match the maturity of the investment and the agricultural calendar,
- # Problem of bankers not taking any risks.<sup>19</sup>
- # Legal Recognition and Standing (*personalité morale*)

Some of these issues are highly problematic. Development of these issues, however, is beyond the scope of this study. From the interviews, it was clear that there is disagreement as to the importance of having Legal Status for getting loans. One AV president told us there is no difference between being a Ton or an AV in terms of getting loans. Both can go directly to any bank they want. The BNDA (*Banque Nationale de Développement Agricole*) also told us that this made absolutely no difference to them as well, but it might make a difference to commercial banks. Others, however, expressed that problem of cooperatives having no recourse (which is about having legal standing and a function court system) is that these institutions provide no guarantee nor recourse to their members or to lending institutions. Others simply said that without legal standing organizations and credit institutions cannot get loans from banks. They also cannot sue and therefore have no recourse.

## 3. New Structures

Two funds will be created by the State to help relieve the rural credit problem (RDM, 1996:17).

- 1) Fonds d'Appui Technique (FAT—Technical Assistance Fund) for training, advice, studies and audits. This fund is to be constituted by State financing from external sources; and

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<sup>19</sup> The legal standing of a rural organization (whether or not it has *personalité morale*) is not counted in their lending. Indeed, as a development bank, they favor the smaller and riskier groups with lower interest rates. The political standing may be helpful for commercial banks. It may also help BNDA vis-à-vis guarantees (although he says they don't count this). The other banks simply don't enter into rural development now. This is almost all the BNDA. They cover over 90 percent of rural credit.

- 2) Fond National de Garantie des Sociétés Coopératives (FNG—National Fund for Cooperative Society Guarantees). This fund will be used to directly finance cooperative activities or to guarantee loans taken by cooperatives. This fund will also be constituted by State financing from external sources.

Whenever there are instances of allocation there are criteria for that allocation and there are judges of these criteria. This opens the door for fraud. Further, the BNDA representative pointed out that Fond de Garantie which is very specific, serves only the highly encadré cases. Without some oversight there is no basis for lending. As one AV president stated: “Controls are legitimate if they can guarantee loans.” One researcher suggested that there are ways around the problem of too much power with the oversight personnel. He pointed out that peasants are illiterate and few are involved in management. There are local institutions in the rural areas called *Kafo Giginew*—translated as “Seed of the Union” that are self monitoring. Cooperatives could also have their own control agency at the level of the communes. He has been involved with a *Fonds d’Investissement Local* (FIL—local investment funds) system of self-management. This is based on local control committees. He felt that these were very promising. This matter merits more attention (see Lefay et al., 1998).

Solidarity insurance is another means of guaranteeing loans brought up by a number of interviewees. This involves whole cooperatives taking legal responsibility for the actions of each of their members. This is another form of loan guarantee. But, this does not solve the problem if the president of the cooperative steals in the cooperative’s name.

Land titling as a solution, suggested by the BNDA and Chamber of Agriculture, is a very problematic arena. Before supporting this type of measure, much more research is required.

#### **E. Taxation—as incentive system: exemption for social service**

Cooperatives are tax exempt in the proposed law (as in the past). This is justified on the grounds that these institutions serve a greater set of social goals. “Due to their objectives and their particular legal status, Cooperative Organizations can benefit from the aid and encouragement of the State, of *collectivités* [territorial-administrative jurisdictions] or Public Establishments, notably in the form of technical assistance, exemption from taxes, subsidies, loans, capital equipment, marketing, concessions of land or buildings, access to investment programs.” (RMD, 1988:art.5.1.) The Minister of Finance argued, however, that cooperatives should be taxed in order for there to be fair competition among institutions. Technical agents argued for their tax exemption due to the development goals that they serve. The resolution was that this matter would be examined case by case, depending on the goal of the cooperative.

#### **F. Lack of Participation of Local Populations in Policy Process**

...The history of cooperative development in Africa has been characterized by the absence of an active voice and decision-making power by smallholder populations. Referred to by administrators and planters over the years as ‘natives’, ‘*indigenes*’, or ‘*autochtones*’, ‘target populations’, and most recently ‘beneficiaries’, and often forced to join cooperatives...they had no say in defining the objectives of cooperative organization or the means to realize the objectives.”

Painter, 1990:60

Some of our interviewees felt that “People are not implicated in the reform.” And that there was no real involvement of the rural world in the regional workshops. It is difficult to determine this without examining who was invited and how they were chosen. This matter should be examined. There is still an opportunity for greater participation by rural populations during the period that this law will be debated in the National Assembly.

#### **G. Articulation with existing local organizations**

There are multiple forms of local non-State peasant organization with which any new set of organizational forms must articulate if the new laws are to present an enabling environment (see Diakité, 1988; Diallo, 1997; Maiga and Komota, 1998; SIWAA, 1996; UCPECMS, N.d.; Lefray et al., 1998—also see the use of GEI by the in Natural Resource Management by the Forest Service). Many of these have emerged in the years since the Praia conference on natural resource management. To be more certain that this aspect of rural organizational dynamics is addressed, further inquiry into both the forms of rural organization and of the different existing and proposed legally recognized organizational form must be undertaken. This may have already been done, but given the narrow focus on the reform of cooperative law and the brief nature of this study, this matter must nevertheless be flagged as an area of concern.

There is also, of course the fact that chiefs and others ‘customary’ elites or notables who participate intensively in rural associational life, are not likely to be egalitarian, inclusive or participatory in their dealings. Existing and ‘customary’ institutions are not always positive.

#### **H. Décrets and Arrêté: Leaving Control in Administrative Hands**

The current law under consideration is the legislative part of a larger legal process (described above). The next step is the application decree. It is in the application decree that the real meaning of this reform will become clear. It is in this decree that some parts and roles of the structures of *tutelle* will be defined and the distribution of decision making powers will be spelled out.

One other problem to look for in the application decree is that too many important decisions will be left to inter-ministerial arrêté or ministerial décrets. So that the spirit of this new legislative portion of the cooperative reform is carried over into the regulatory phase of the reform, USAID should follow closely both the elaboration of the regulatory portion of the law and the particular issues left to décrets and arrêts.

Further, the organizational form of the structures of *tutelle* and *encadrement* are defined in the legislative and regulatory parts of the law under study. The details of their operation is left to a mix of ministerial decrees (*décret*) and administrative orders (*arrêté*). The ultimate form, however, that these the structures take and the purposes they serve can only be understood through an analysis of both of these structures. These *décret* and *arrêté* need to be carefully followed.

This matter of arrêté is extremely important. Anything left to this means of decision making is basically being left to the discretion of the Council of Ministers and other government administrators. This leaves enormous room for government agents to change the meaning and spirit of the law.

## **I. Interference by International Donors**

Several NGOs brought up the problem of international donors interfering in negative ways at the village level. One problem is that international donors have begun to create AVs for their own purposes. This has caused confusion between the attempts by Malian NGOs to get villagers to take charge of their own affairs and allegiances of villagers with Donor projects.

The donor AVs became village extensions of international organizations that created them. Each international organization has its own conditions and requirements. Villagers cannot refuse to work with them, so they submit to these conditions and work with them, given the benefits the international agents can offer.

They said: "Villages are taken hostage by the NGOs." This is not development by the community. Under the new institutional arrangements of decentralization "...the role of NGOs must change to educators and assistance providers, rather than being appropriators of local initiatives."

One government advisor pointed out that: "The problem with giving rural institutions legal standing (*personnalité morale*) is that it creates a way for international donors to avoid the State. International donors want guarantees that they can give money to whomever they want."

A different problem is brought up by Bingen et al. (1994:19) who observed that different NGOs come with different requirements for participation. Each comes with its "development packet" requiring different forms of participation or engagement. They recommend better donor coordination to ameliorate this problem.

## **J. Term Limits for Cooperative Administrative Councils**

On the issue of terms, cooperative representatives at the 1997 national workshop (RDM, 1997) did not want the Cooperative Council Administration limited to two terms of three years each, they argued that they should be free to choose their own leaders. Technical agents of the ministries argued that the bad management of cooperatives was due to its directors staying too long in control of the cooperatives. There is something to both sides of this argument. It may be that it is the older cooperative representatives who have been at the heads of their cooperatives for a long time who do not want term limits imposed.



## V. STAKEHOLDER PRESENTATION

Cooperatives reform is a multi-sectoral matter. The stakeholders in this reform are universally for modification of the existing laws. The non-ratification of proposed legislation (RDM, 1998) is not due different organizations being for or against change. The recent delays in the signing of the law in the Council of Ministers concerned pro-forma matters of consultation (see section II.D.).

Nobody interviewed in this study was against the passage of the current proposed law (REM, 1998). Most problems expressed will concern the *future* portions of this legislation: the institutional context, the application decrees and the process of information diffusion. Given that the current reform is expected to pass shortly, the focus of this analysis is on the interests concerning these post legislation matters.

The issues on which there is *disagreement* have been discussed in the Main Issues section above (other issues such as access to credit are not disputed to be problems, although there is concern about how to address them). They disputed issues include:

1. How the forms and powers of *tutelle* and *encadrement* should be organized and limited
  - a. Exercise of Legal Auditing (or Control)
  - b. Technical Assistance
  - c. Financial Assistance
  - d. Administrative Assistance/Management Training;
2. Where the institutional location of the control functions should be;
3. Whether there should be government intervention in the creation of cooperative unions, federations and confederations;
4. Whether and how cooperatives should be structured as tools of economic development;
5. Which types of cooperatives should be tax exempt, and whether cooperatives should be tax exempt; and
6. How to resolve the lack of inclusion of rural populations in the legislative process.

The following table represents the views of interviewees on the matters that concerned them. Those included in this table cannot be considered to be ‘the’ stakeholders. There are many others, in particular the under-represented rural populations who will be most affected by these reforms, who are not in this table. The main purpose of this table is to present the general responses of those interviewed.

ACTORS		ISSUES EXPRESSED <sup>1</sup>		
	Areas of Interest	Specific Problems to Confront	Actions Institution Wish to Take	Willingness and Ability to Mobilize
<b>GOVERNMENT</b>				
Ministry of Rural Development and Water (MDRE) <sup>20</sup>	<ol style="list-style-type: none"> <li>1. Passage of the Law.</li> <li>2. Elaboration of Application Decrees</li> <li>3. Structuring of <i>tutelle</i> and <i>encadrement</i></li> <li>4. Organizing information campaign</li> <li>5. Increasing participation in cooperatives (now at less than 5% of population).</li> </ol>	<ol style="list-style-type: none"> <li>1. Location of Control Agency (DGRCS DR) (Primature or MDRE)</li> <li>2. Role of MDRE in <i>tutelle</i></li> <li>3. Role of MDRE in establishing Cooperative Unions, Federations and Confederations</li> <li>4. Financing for Follow-up Measures (application decree and education of population about new laws).</li> </ol>	<ol style="list-style-type: none"> <li>1. MDRE would like to have a role in organizing hierarchy of organizations for cooperatives.</li> <li>2. MDRE would like DGRCS DR to be located in MDRE.</li> <li>3. MDRE is planning a massive information campaign.</li> </ol>	The resolution of current issues will define a large part of the role and powers of MDRE. This ministry is deeply interested and willing to mobilize around these issues.
Cellule d'Appui pour la Mise en Oeuvre du Plan d'Action (CAMOPA), Within MDRE.	<ol style="list-style-type: none"> <li>1. Passage of the Law</li> <li>2. Elaboration of Application Decrees</li> <li>3. Issues of <i>tutelle</i> and <i>encadrement</i></li> <li>4. Information diffusion.</li> <li>5. Financing of cooperatives and of MDRE activities.</li> </ol>	<ol style="list-style-type: none"> <li>1. Finance of measures of education and diffusion of the law</li> <li>2. Conflict over whether to tax cooperatives or not.</li> <li>3. Term limits on administrative councilors of cooperatives (designed to get turnover in leadership).</li> <li>4. Cooperatives have no means to organize.</li> <li>5. Payback periods on loans are too short.</li> </ol>	<ol style="list-style-type: none"> <li>1. Cooperative sector needs not to be transferred from ministry to ministry, but should be located within the prime minister's office. They are arguing for this.</li> </ol>	The interests of those within CAMOPA are slightly different than those of the MDRE more broadly. They have a great stake in establishing a permanent office for cooperative affairs—which would be their bureau. They are arguing for this. This interest includes a willingness to fight for various roles of this office including information diffusion and <i>tutelle</i> .
Ministry of Institutions and Political Parties, and representatives of four parties.	<ol style="list-style-type: none"> <li>1. Parties building a political base.</li> <li>2. Financing parties.</li> </ol>	<ol style="list-style-type: none"> <li>1. Banks do not trust parties and will not finance party projects.</li> <li>2. Projects financed by parties could help show people that they can deliver good things.</li> </ol>	<ol style="list-style-type: none"> <li>1. Cooperatives could be a means of gaining income and legitimacy. This could even be so if it was just a matter of parties helping cooperatives to organize.</li> </ol>	The political parties do not seem very involved with the cooperatives. Their pre-occupation is financing themselves. But, if they see an interest in cooperatives, they may take greater interest in this law.

<sup>20</sup> See RDM, 1998a and RDM, 1996.

ACTORS	ISSUES EXPRESSED <sup>1</sup>			
	Areas of Interest	Specific Problems to Confront	Actions Institution Wish to Take	Willingness and Ability to Mobilize
Ministry of Forest and Water Resources	1. Having legal institutional forms that they can devolve forest management to.	1. Legal standing of “rural environmental management structures.”	1. They would like cooperatives to serve this function.	1. Interested marginally in the matter since they are already working with GEI.
Ministry of Finance <sup>21</sup>	1. Taxation.	1. Which institutions should be tax exempt.	1. They are now involved in deciding criteria for tax exemption.	They have a great interest in this matter and would certainly make tier voice heard in the Council of Ministers/
Ministry of Health, Solidarity and Elderly	1. Interest in the larger social function of cooperatives in social security and development. 2. Interest in cooperatives which are very active in the health sector and in savings and loans and insurance cooperatives.		1. They blocked the passage of the law on 18 May 1998 in the Council of Ministers because their ministry was not consulted sufficiently in its development. 2. They are currently reviewing the law.	They clearly have the power to block the movement of the reform. They may also have the power to change the law to reflect larger social concerns.
Decentralization Mission	1. Role of rural administrators. 2. Confusion of relation between cooperatives and local administrative units. 3. Role of cooperatives in Mali’s development. 4. Clarification of roles of local non-state institutions.	1. Giving cooperatives legal status can give international donors a means to avoid the state. 2. Question of whether the new law is creating a new institution for directive intervention by the state. 3. Must give movement to its members. 4. State does not need to ‘encadrer’ cooperatives. There is no <i>tutelle</i> for other organizations. Just help them get loans. 5. Concern that the state will re-establish old controlling relations.		One member of the mission felt that these institutions were not significant enough for them to be involved, given the their focus on the larger enabling institutional environment.  They support the cooperative reform since it clarifies the status of local organizations.
Local Administrator in Ouelessebouyou. Agricultural extension worker by training, transferred from CAC to OHVN.	1. Would like his role to be clarified.	1. Dissolution of CACs in 1997 reform has taken away his role as <i>encadreur</i> . 2. No relation between his service and the AVs or Tons. 3. There is a need for training and management of AVs and Tons.	None.	Very demoralized by a process that he does not feel he can influence.
3. CIVIL SOCIETY				

<sup>21</sup> The Issues of the Ministry of Finance expressed here are those that were related to us by other parties involved in the reform process.

ACTORS	ISSUES EXPRESSED <sup>1</sup>			
	Areas of Interest	Specific Problems to Confront	Actions Institution Wish to Take	Willingness and Ability to Mobilize
CCA-ONG	<ol style="list-style-type: none"> <li>1. Clarifying definitions of different institutions.</li> <li>2. Laws corresponding to existing institutional activities.</li> <li>3. Taxation.</li> </ol>	<ol style="list-style-type: none"> <li>1. Taxation needs to be clarified since there is confusion about the tax status of different profit and non-profit organizations.</li> <li>2. Must include rural population in the reworking of the texts that concern them.</li> </ol>	<ol style="list-style-type: none"> <li>1. Given history of political uses of cooperatives, they support the broader decentralization now underway.</li> </ol>	<p>They are not very interested in these issues since cooperatives are not part of their organization.</p>
CLUSA	<ol style="list-style-type: none"> <li>1. Cooperative Promotion and Development.</li> <li>2. Taxation</li> <li>3. <i>Tutelle</i></li> <li>4. Credit</li> </ol>	<ol style="list-style-type: none"> <li>1. Access to Credit.</li> <li>2. Establishing Legal Standing will help cooperatives get loans.</li> <li>3. They do not want cooperatives to be used as a tool of the state.</li> <li>4. Problem of older members of the cooperative excluding younger people from taking part.</li> </ol>	<p>CLUSA certainly has actions that they have taken and that they would like to take. Our interview was at the beginning of this work and the focus was more on mapping out what other institutions are involved. CLUSA should be consulted on this matter.</p>	<p>Their business is to be interested in and follow these matters. They are ready to do so as best they can.</p>
Union Nationale des Coopératives des Planteurs et Maraîchers du Mali (Bamako)	<ol style="list-style-type: none"> <li>1. Lack of instruction.</li> <li>2. Lack of awareness of this reform.</li> <li>3. Relation of Cooperatives with Administration.</li> <li>4. Access to credit.</li> <li>5. Access to markets and market development.</li> <li>6. Training.</li> </ol>	<ol style="list-style-type: none"> <li>1. Government intervention in the appointment of cooperative directors. This makes the executive officer unresponsive to the administrative council of the cooperative.</li> <li>2. Appointees steal cooperative's funds and grants given by government.</li> <li>3. Given above problems, cooperatives have bad credit ratings since they could not repay loans.</li> <li>4. Need training for qualified managers.</li> <li>5. Legal standing will help get them access to credit.</li> <li>6. Wants to learn more about the reform but nobody can read the laws.</li> <li>7. Cannot afford to hire a legal expert to help them interpret the laws.</li> <li>8. Cooperatives are not permitted to advertise.</li> </ol>	<ol style="list-style-type: none"> <li>1. Disengagement of the state from cooperative management.</li> <li>2. Ability to get loans directly from banks without the intermediary of DNAMER.</li> <li>3. Funds for legal assistance on interpreting laws.</li> <li>4. Would like to be invited to participate in seminars on the law and its implications.</li> <li>5. Must find a way to interest young people in cooperative management to increase dynamism.</li> <li>6. Make the director a paid employee of the cooperative in lieu of being a state appointee.</li> <li>7. Would like to change law so that cooperatives can advertise.</li> </ol>	<p>They felt rather powerless in this matter.</p>

ACTORS	ISSUES EXPRESSED <sup>1</sup>			
	Areas of Interest	Specific Problems to Confront	Actions Institution Wish to Take	Willingness and Ability to Mobilize
President of Ton Villageoise of Sugula (12 villages are members) and member of SYCOV (Syndicat cotoniers et vivriers) administrative council.	<ol style="list-style-type: none"> <li>1. Training on technical matters.</li> <li>2. <i>Tutelle</i>.</li> </ol>	<ol style="list-style-type: none"> <li>1. Too many representatives of the state in the office of the federation at the Arrondissement. They felt too controlled.</li> <li>2. Representatives of the State appropriated the cooperative.</li> </ol>	<ol style="list-style-type: none"> <li>3. They want to simplify the different roles of <i>tutelle</i> played by the state.</li> <li>4. They prefer managing their own affairs.</li> </ol>	They were aware of the reform and take a passive stance toward trying to influence reform.
SYCOV members Association auto-encadré de Korona	<ol style="list-style-type: none"> <li>1. Marketing</li> <li>2. Collective negotiation of prices</li> <li>3. Training.</li> <li>4. Changes in <i>tutelle</i> relations.</li> </ol>	<ol style="list-style-type: none"> <li>1. CMDT favors producers in its zone, making their trucks wait longer. Therefore the trucks do not want to come to their village. They come late and this causes problems including delays in payments that don't let them pay their loans on time.</li> <li>2. Lack of finances to pay their local village-based agricultural technicians.</li> <li>3. They prefer their own people to be educated as technicians rather than state agents.</li> </ol>	<ol style="list-style-type: none"> <li>1. Some laws or arrangements to help them get paid on time.</li> <li>2. A fund for paying their local agricultural agents.</li> <li>3. Separate the training functions of the state from the promotion of AVs to Tons (this will no longer be relevant with the new law).</li> <li>4. "The directors should not be so far from the villages that they can steal our money."</li> </ol>	They take a passive stance: The president stated "The State is the best chicken." He explained "a chicken does not put bad food before its chickadees."
INAGEF, Institut Africain de Gestion et de Formation (Bamako)	<ol style="list-style-type: none"> <li>1. Training.</li> <li>2. Lack of participation in reform by rural populations.</li> <li>3. Too much power held by ODRs.</li> <li>4. Interference by NGOs in local development.</li> </ol>	<ol style="list-style-type: none"> <li>1. They were unaware of reform and would have liked to be informed.</li> <li>2. State's role in training is a problem.</li> <li>3. International donors interference in village institutions. They create AVs with different conditions and requirements. Villagers must adhere to these requirements due to power of donors. The problem here is that cooperatives should be for peasants. Outside organizations should provide information rather than organizing and directives.</li> </ol>	<ol style="list-style-type: none"> <li>1. They could train villagers in lobbying techniques.</li> <li>2. A lobbying fund for coordinating rural interests on this matter.</li> <li>3. Devolve <i>tutelle</i> functions of ODR.</li> <li>4. Change role of NGOs from one of project management and implementation to one of information diffusion.</li> </ol>	<ol style="list-style-type: none"> <li>5. INAGEF is willing to mobilize on these issues.</li> <li>6. They have the skills for training.</li> <li>7. They need finances.</li> <li>8. INAGEF explained that they are taking this up as an issue, but they have not acted. An other informant told us that INAGEF is organizing a long-term lobbying strategy concerning this law.</li> </ol>

ACTORS	ISSUES EXPRESSED <sup>1</sup>			
	Areas of Interest	Specific Problems to Confront	Actions Institution Wish to Take	Willingness and Ability to Mobilize
President of the Association des Eleveurs Producteurs de lait, Sanankoroba	1. Credit 2. Legal status	1. Loan guarantees by OHVN or any other institutions are very problematic. 2. Cooperative councils being staffed by people who live “in the Arrondissement” causes failures.	3. They think the legal recognition of cooperatives will help this. 4. Cooperatives must be run by peasants. There are plenty of peasants in the rural areas who can manage their own affairs if allowed to.	They have no means to intervene, but they are interested in the reform.
Chamber of Agriculture (arguably should be classified under government)	1. Cooperatives as tool for overcoming production and marketing bottlenecks. 2. Being able to use cooperatives to help organize <i>filières</i> . 3. Training. 4. Credit. 5. Education.	1. Mentality of cooperatives members is a problem. They wait for the <i>tutelle</i> to do everything for them. 2. They do not agree that the government should be involved in organizing a national level cooperative organization. 3. Problem of access to credit is one of guarantees. 4. <i>Tutelle</i> being too limiting of cooperatives’ autonomy. 5. Need a structure of arbitrage between <i>tutelle</i> and peasants. 6. There is capital in the form of buildings around the country that belonged to cooperatives. They are worried that the state will not return this property to cooperatives after the new law is passed. 7. Management is a big problem.	1. National cooperative structures must grow up on their own. 2. Land titling is a way of getting guarantees for credit. A guarantee fund is another means. 3. Must assure better <i>tutelle</i> by taking the past into account so that the new <i>tutelle</i> will not limit cooperatives autonomy, limit their savings, or steal from them. Cooperatives must be ‘enfranchised.’ 4. Put in place a structure of arbitrage located in the Chamber of Agriculture. 5. Train people about their rights. USAID could help in this.	The members of the Chamber of Commerce felt they had a large stake in this policy. The President said: “We can block this law if it is not in the interest of the rural world.”  The chamber of agriculture is quite willing and able to mobilize on this issue.
Women’s Savings and Loan Cooperative	1. Credit.	1. Access to credit for women is difficult. 2. Interest rates too high. 3. Loans mature too quickly.	1. Would like to see longer repayment periods.	Not well placed to be involved in the reform process.

ACTORS	ISSUES EXPRESSED <sup>1</sup>			
	Areas of Interest	Specific Problems to Confront	Actions Institution Wish to Take	Willingness and Ability to Mobilize
IMRAD, Institut Malian de Recherches Appliquées au Développement	<ol style="list-style-type: none"> <li>1. Understanding and fostering local forms of peasant organization.</li> <li>2. History of cooperative movement as it has been used by the State to manage rural world (see Coulibaly, 1997).</li> <li>3. Protecting peasants against state abuses.</li> </ol>	<ol style="list-style-type: none"> <li>1. Cooperative presidents, State agents and bankers rob cooperatives of money.</li> </ol>	<ol style="list-style-type: none"> <li>1. There are ways around the abuses. See, for example, some of the emerging peasant organizations (such as Kafo-Giginew). (see Diakit�, 1998)</li> <li>2. FIL (<i>Fonds d'Investissement Local</i>) system of self-management and of local accounting inspection. (see Leafy et al, 1998).</li> </ol>	<ol style="list-style-type: none"> <li>1. They are available and ready to provide council on these matters. They have worked extensively with emerging peasant groups.</li> <li>2. They do not have financial resources to do this.</li> <li>3. They are equipped to carry out research on these matters.</li> </ol>

ACTORS	ISSUES EXPRESSED <sup>1</sup>			
	Areas of Interest	Specific Problems to Confront	Actions Institution Wish to Take	Willingness and Ability to Mobilize
<b>INTERNATIONAL ACTORS</b>				
USAID	1. Micro-credit. 2. Legal standing of local institutions as loan guarantee and for legal recourse of lenders and members. 3. <i>Tutelle</i> . 4. Representation at village level.	1. Lack of Legal standing for village banking organizations and <i>tantines</i> . 2. Concern that old forms of <i>tutelle</i> may re-establish themselves. 3. Confusion by the Ministry of Finance about the tax exempt status of cooperative vs. exempt status of its members. 4. Concern about the fact that village chiefs are still elected as local representatives of the administration (RDM, 1995a:art.60-73). <sup>22</sup>	1. Further inquiry into whether these institutions can register as cooperatives under the new law. 2. Research question of whether tax-exempt status extends to cooperative members.	1. One person currently dedicated to the issue of Micro-credit.
UNDP <sup>23</sup>	1. Institutional change. 2. Financing. 3. Changing institutional context of decentralization more important than specific law.		1. They financed ILO to study the problem of cooperatives following a request by MDRE.	1. Continued interest in following and financing initiatives in this area.

<sup>22</sup> This is relevant to the cooperative reform in that the Ton, which will be eliminated in this reform, was effectively a form of village level elected representation. Chiefs will now be the only village level form of representation. Chiefs are elected by heads of households, and therefore are chosen by a virtually all male form of suffrage who make up no more than ten percent of the population.

<sup>23</sup> See RDM, 1995a. The person in charge of this project was out of the country during our stay in Mali. In stead we spoke with the UNDP regional representatives.



ACTORS	ISSUES EXPRESSED <sup>1</sup>			
	Areas of Interest	Specific Problems to Confront	Actions Institution Wish to Take	Willingness and Ability to Mobilize
ILO	<ol style="list-style-type: none"> <li>1. Shepherding the current reform.</li> <li>2. Establishing independent cooperatives.</li> <li>3. Control mechanisms that prevent state abuses.</li> </ol>	<ol style="list-style-type: none"> <li>1. Minister of Santé blocking reform. He is not sure why, but speculates that this is due to misconceptions of the purposes of cooperatives. The Minister of Santé is concerned with 'national solidarity' and see cooperatives as tools for this. But, cooperatives are private institutions that should not be harnessed for these purposes. ILO does not want to see cooperatives get involved in the politics of national solidarity as tools of poverty reduction, etc.</li> <li>2. Mechanisms to avoid fictive services for cooperatives.</li> <li>3. More inquiry into mechanisms of control.</li> </ol>	<ol style="list-style-type: none"> <li>1. Financing research and development of new policy.</li> <li>2. Providing technical assistance in cooperative development and implementation of the new laws.</li> </ol>	<p>ILO is highly interested in this topic. They have an international program on cooperative reform and are able and willing to intervene as technical assistants.</p> <p>They worked closely with USAID in Cameroon on what they describe as a highly successful cooperatives reform. They are willing and ready to do so in Mali.</p>
German funded Natural Resource Management (Soil Erosion Control) Project in Ouéléssébougou	<ol style="list-style-type: none"> <li>1. Training local technical agents from the villages to take the role of state agents.</li> </ol>	<ol style="list-style-type: none"> <li>1. Village ability to pay for technical services.</li> <li>2. Donors financing village technical services taking motivation of villagers away.</li> <li>3. Exodus. They have lost three of every five agents they trained.</li> <li>4. Need for more financial compensation to village technical agents.</li> <li>5. Problems getting loans.</li> </ol>	<ol style="list-style-type: none"> <li>1. They will keep on training.</li> </ol>	<p>They are not well placed to intervene in the reform process.</p>
<b>OTHER ACTORS</b>				
World Bank/Mali	<ol style="list-style-type: none"> <li>1. Legal Standing of Cooperatives</li> <li>2. Loan Guarantees</li> <li>3. New Institutions of <i>tutelle</i></li> </ol>	<ol style="list-style-type: none"> <li>1. Must follow the development of DNAMR (Direction Nationale de l'Appui au Monde Rural, particularly the division of functions and the functions that will be 'transferable' to non-state bodies.</li> </ol>		<p>The bank has not been deeply involved in this matter.</p>

ACTORS	ISSUES EXPRESSED <sup>1</sup>			
	Areas of Interest	Specific Problems to Confront	Actions Institution Wish to Take	Willingness and Ability to Mobilize
Banque Nationale de Développement Agricole, (BNDA), Direction du Credit Agricol	<ol style="list-style-type: none"> <li>1. Guarantees.</li> <li>2. Attracting commercial banks to rural areas.</li> </ol>	<ol style="list-style-type: none"> <li>1. Peasants do not have collateral for loans.</li> <li>2. The BNDA also need guarantees from donors in order to give loans in marginal areas. They only give loans if the backers cover ALL risks.</li> </ol>	<ol style="list-style-type: none"> <li>1. 'Solidarity guarantees' (<i>Caution solidaire</i>): if cooperatives have a legal standing, then all members can be held legally responsible. This creates social pressure for people to repay loans.</li> </ol>	<ol style="list-style-type: none"> <li>1. For them the difference between legal and not legal institutions is not an issue since they are backed by donor funds negotiated by the government.</li> <li>2. For commercial banks legal standing for cooperatives could be important.</li> </ol>

## **VI. RECOMMENDATIONS**

### **A. Support the Emergence of Local, Regional and National Associative Movements**

There is a big and unanswered question that hovers over all of this work: Who Represents Rural Society? An associative movement may play a role in increasing rural representation (of cooperative and association members) in Mali's local, regional and national politics. At present rural populations are 'represented' by persons recognized by the state and invited to regional and national conferences and workshops. Better representation will certainly emerge through the elected local representatives when the decentralization is finally launched. They represent their members. There are certainly also rural representatives in the National Assembly. There is still, nevertheless, a need for rural associations to have their own voice at different levels of political action. While these associative representatives (and NGOs, associations or cooperatives) DO NOT 'represent' rural society, they represent a particular set of interests who may have the power to pose a counter balance to such powerful actors as merchants and the multitude of state and non-state marketing, transport and development institutions with whom their members interact. In our interviews nobody could identify members of an associative movement in Mali.

Rather than focusing on cooperatives per se, USAID should look more broadly at 'associative movements' in Mali and how it could support such movements. This is an area that our interviewees knew little about and which appears has not been closely studied. The first recommendation on this topic is that USAID establish an Advisory Group on Rural Associative Movements (AGRAM). This committee should be constituted of scholars, researchers and intellectuals deeply involved in rural life. Some possible candidates who work on peasant associations would include: Adam Thiam (rural sociologist—Thiam is the editor of two journals, *Le Républicain* and *Tarki*, he can put USAID in touch with the rest of the people on this list, his number is 77 26 20); Hamidou Magasa (rural sociology) who is an independent consultant; Ousmane Maïga (demography) and Kasibo (sociology) of ORSTOM; Cheiban Coulibaly (rural sociology) and Bakary Diakité (sociology) of IMRAD; Sakia Bagayugu (anthropologist) of the University of Mali; Thierno Diallo (veterinarian and tenure specialist) who is independent consultant; and Yousouf Kebé (sociologist/economist) of UNDP. This group would be extremely difficult to bring together in its entirety. Any two or three of these people would be a substantial advisory committee.

USAID could play an extremely useful role in helping various forms of rural association to regroup into unions, federations and confederations. This would allow groups registered as cooperatives or those un-registered to engage in collective action for their own development. The first step would have to be a survey of such groups around Mali. Based on information on the forms of higher order associations (purpose, membership, location, means, aspirations and frustrations), USAID could help coordinate such a movement.

There is a successful example of such a movement in Thiès, Senegal, where FONG, the Federation des ONG has been engaged in lobbying for the benefit of its members—including NGOs and cooperatives. This type of effort in Senegal or elsewhere may serve as a useful model. From the brief discussions that the team has been able to have on this matter, it seems that funding such organizations may not be the best approach due to the problems of: 1. Creating an elite within the

associative movement that is linked more to the donors than to the base, and 2. Creating dependence and sustainability problems vis-à-vis recurrent costs further down the line.

USAID/Mali is currently undertaking a survey of associations in Mali. In doing so, if the survey has identified higher order formations, USAID could attempt to see how these associations have come together and to reflect with the advisory group (AGRAM) on the best approach to take. One possibility would be to bring the leaders of these movements together and to ask them to reflect among themselves what their needs are, whether it is worth their while to have a coordinating federation, how they might establish such a federation, and how they could use that federation to lobby for the interests of or simply provide services to their movements.

I would suggest that any persons brought in to facilitate such a meeting be people deeply involved in rural life, such as the researchers from IMRAD, ORSTOM, or the University of Mali.

## **B. Follow Development of *Tutelle* and *Encadrement***

If USAID is concerned with fostering change in this sector, the single most important place USAID could invest is in attempts to influence *tutelle*. This can be done by following the development of *tutelle* and *encadrement* in the ‘accompaniment measures’ after the passage of this law. These are already being developed (see RDM 1998b). A project examining the historic functions of these administrative formations in managing the rural world would allow an analysis of 1) whether the same structures as in the past are being re-built, 2) whether the functions they served in the past are being shifted to other mechanisms of rural control; and 3) whether the reforms in *tutelle* that are said to be ‘lightening’ controls are being *guaranteed* by law to remain light (i.e. does the law create only the *possibility* for lighter *tutelle* or does it *require* lighter control).

- Follow the development of REM, 1998b (a copy of which has been left with Erin Soto at the USAID Mission).
- Follow development of Application Decrees.

In a broader sense, more research is needed on the future relation between the institutions of *tutelle* and local populations, whether that relation will be channeled through cooperatives, other forms of rural association or through the new structures of elected local representation. Without great vigilance and pressure by interested segments of civil society (particularly rural populations whose representation in these matters is highly problematic), there is a high likelihood that the old and oppressive structures of *tutelle* and *encadrement* will re-establish themselves in rural life.

The institutions of *tutelle* represent a major set of structures in which peasant farms are embedded. These have an effect on access to various State-allocated productive resources (including inputs, credit, preferential tax status, access to courts, access to markets, transport, information, etc.).

To follow these developments and to assist rural populations to have an influence in these matters:

1. Establish an Advisory Group on Rural Associative Movements (AGRAM) (see discussion in recommendation 1, above).

2. Use AGRAM to identify and assemble rural representatives who can articulate their concerns on this matter to their representative in the National Assembly,
3. Simultaneously support a study on these structures of *tutelle* through an institution such as IMRAD, ORSTOM, the University of Mali, or through institutions and individuals recommended by the advisory group. The study should specify the old structures of *tutelle*, the proposed structures of *tutelle* and their precise powers. The study should then examine the changes in *tutelle*. The analysis of proposed structures of *tutelle* and their powers should not be based on what is proclaimed in the ‘political’ documentation. Rather, it must be based on what is to be written into the articles of décrets and arrêtés that establish these new institutions).
4. Mount a lobbying campaign based on the concerns of rural representatives, the concerns of other groups who are against over-concentration of power in the institutions of *tutelle* (these include CLUSA, INAGEF, Chamber of Commerce and many others).
5. I suggest that the opinions of the members of the advisory committee be written up and distributed, and that the report from the *tutelle* study also be written up and distributed. The distribution should include both civil society organizations, government offices involved (such as the MDRE, the Mission of Decentralization, CAMOPA, all the Ministries, etc.). These should also be distributed to the offices of Mali’s top ten journals.

### **C. Lobbying National Assembly During Ratification Process**

Once this law has been signed by the Council of Ministers, it will go to the National Assembly where it will be debated. There will, at this stage, be room for more debate and for greater participation of rural representatives and others in the re-working of the law. The law, however, has very little in it at this point to which there is great objection. The real problems come later in the legislative process. This does not mean that there will not be major changes in the law during the legislative period. This is something that USAID should keep someone monitoring. It is also something that organizations interested in the rural world may want to monitor.

The main points of contention within the proposed law that could be the focus of lobbying efforts are:

- a. The involvement of the National Government in the establishment of a cooperative ‘Movement’;
- b. Term limits on cooperative presidents;
- c. Simplification of cooperative registration;<sup>24</sup>
- d. Matters of tax exemption; and
- e. Concerns about participation could also be raised at this point.

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<sup>24</sup> There are some indications that the registration procedures for cooperatives may be burdensome to rural populations. They require several forms of paperwork, they require approval at several levels, and it is not clear whether they can be submitted in local languages. It may be worthwhile to review registration procedures, to examine problems experienced in the past and to attempt to make some recommendations for the streamlining of this process.

To pursue this matter, it may be useful to contact groups with concerns in these matters (again these groups could be those interviewed or those specified by the Advisory Group (AGRAM) and to ask them to come together strategize on the points they find important—if any.

#### **D. Project on the Application Decrees of this Law**

The issues discussed in the Stakeholder Analysis and in the Main Issues section will play themselves out in the development of the application decrees of this law (the first recommendation applies to an important example of this). A project on the application decree could galvanize interest in the law, especially if those who will be effected by the law are include in the process.

Further, it is important to closely examine within the current law and within the application decrees the matters that are left to administrative discretion (*décrets* and *arrêtés*). Any decision that is left to be specified by *arrêté* or decree represents an arena in which the rights developed under this law can be compromised.

This activity would be a logical continuation of the activities recommended in recommendation no. 2, above. Research and lobbying on these matters should not, however, wait until the law is passed.

#### **E. Further Examination of the Political-Economic Environment**

Many of the problems that cooperatives are intended to resolve, such as access to markets and collective bargaining positions cannot be addressed in the current environment where agriculture remains under oligopoly conditions—such as in the CMDT region. Practices such as price fixing by large buyers and control over inputs must be examined. Parallel market channels could be fostered and protected by USAID to help diminish this problem.

Pricing and marketing structures that are a mix of private and State institutions that determine where profits and surpluses are retained along the marketing chain (*filière*) stretching from the peasants' fields to the international markets. These are by no means free markets, nor is it clear that they should be (agricultural markets require stabilizing structures due to the nature of agricultural cycles). In a free market the producer prices risk falling below subsistence levels. The question that must be posed at this moment of political-economic change is: For whom are the prices structured and how can producers retain a greater portion of their value added? Further, how can cooperatives play a role in this essential element of rural development.

To accomplish such an analysis requires:

- a. A systematic analysis of major agricultural commodity chains (*filières*) (this will require the development of a research plan and of market surveys and questionnaires, etc.),
- b. With this analysis, many of the above questions can be answered. At this point, cooperatives and cooperative associations can be involved in exploring how they can retain a greater portion of the benefits from their agricultural activities.

We do not know which research institutes in Bamako are able to do such research, but there are bound to be a few. Perhaps the AGRAM could help orient USAID on this matter.

#### **F. Research and Support on Self-monitoring Systems for Financial Control of Cooperatives**

There are emerging institutions in the rural areas across West Africa inspired by the Praia conference on natural resource management held in the Cape Verde Islands in 1991. In some places in Mali, these are called Kafo Giginew—translated as “Seed of the Union.” One research organization, IMRAD, suggested that cooperatives could have their own control agency at the level of the communes. This group has been involved with the *Fonds d’Investissement Local* (FIL—local investment funds) system of self-management. This is based on local control committees. This matter merits more research (see Lefay et al., 1998). For more information on these types of institutions see Diakité, 1988; Diallo, 1997; Maiga and Komota, 1998; SIWAA, 1996; UCPECMS, N.d.; Lefray et al., 1998. It is worth looking into how and whether these institutions and the statutes they are developing can fit into and benefit from the new cooperatives legislation.

Concerning control, another form of control might be envisioned in which the books of cooperatives are presented to and discussed annually by an outside agent in front of the whole cooperative society, including all loans that have been taken and repaid.

#### **G. Education and Training**

Many of the groups interviewed were interested in participating in educational campaigns to inform people of the new laws. Until they are in effect, it may be frustrating for interested parties to learn about legal details, details that may yet change. Some education and training on the legislative process and on the issues at hand may, however, help stimulate interest in the process.

Two types of technical training were brought up by interviewees: Management training and Extension services training. There was broad agreement (outside of the MDRE and a split inside) that none of these should be functions of the State.

NGOs, Chamber of Agriculture, MDRE, and CAMOPA all felt that this is an important arena USAID could fund. It would be prudent, however, to first evaluate whether such education efforts have been successful in the past before supporting these kinds of activities.

When considering education campaigns, it is important to consider that cooperatives have usually been controlled by a few powerful chiefs or notables. Because of this, any management education should be targeted at members of the cooperative, and not just their administrative councils. It also means that education about the obligations and rights that cooperative managers and members have is important to target at members.

Also such information to cooperatives such as the fact that the model statutes (by laws) presented by each ministry for the cooperatives in ‘its’ sector are not limiting. They have the right to design their own statutes.

If USAID funds information diffusion or education on these matters, it is recommended that they take these considerations into account.

## **H.     Loan Guarantees**

In the past USAID has been involved in providing loan guarantees for rural lending. This is a role that USAID could play again. It is impossible for this team to make a recommendation as to whether or how this would be a positive intervention. A review of past experience in this domain would be helpful. From the little we learned on this matter, it seems that a helpful approach would be for USAID to back the *first loans* given to cooperatives. This way the cooperatives could prove themselves and then later, perhaps with an attestation from USAID, have a better chance of getting loans from other institutions.



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## **ANNEX A: Interview Notes from Two Cooperatives**

These interviews are include here since they give a better idea of the types of problems that cooperatives are confronted with than if they were spread through the above text. They also illustrate some things that are not discussed above, such as the embeddedness of the cooperatives within the CMDT and OHVN structures.

### **A.V. of Korona: In OHVN region, but sells to CMDT**

The first benefit of the AV was the understanding developed among its members. The AV engaged in buying and selling for their own count. The stocked milled, saved it and sold it at the moment the price was high. In this way, they made a profit.

The first time they took a loan out, they needed OHVM to guarantee it. After that, they borrowed straight from the bank. The real problem of loans is with beginners. Once the banks see that they have the discipline to repay the loans, they can borrow again.

There is a problem that they have been bothered by. The trucks come to pick up their cotton late after the harvest. When they take their cotton to the CMDT, the CMDT favors cotton producers from the CMDT production zone. Their trucks can sit there for a week to ten days without being able to sell the cotton. The truck is stuck there for all that time. Trucks working in the CMDT region can sell immediately upon arrival at the factor. Because of this truckers do not want to take their cotton. They are afraid to get stuck waiting and to lose money. The truckers often are renting their trucks, which makes the wait very costly. They are troubled by these problems. The price of transport is fixed by CMDT, so the truckers don't charge us more. Rather they come to our area last. They come here late because they can sell the other cotton faster.

There are repercussions of this delay. Our cotton loses weight as it dries out. The late purchase makes for late payment from CMDT. They can pay us even 2-4 months late. They tried to negotiate with CMDT to resolve these problems, but could not get anything out of them. The delay in payment is a big problem. The bank makes us pay late fees. The bank understands that it is not our fault. The banks have waved some late fees.

Their AV is a very advanced association of three villages. It has the status of *Association Auto-Encadré* (self-training association). They want to become a Ton, but OHVN won't let them. The advantage of being a Ton is mostly one of status. They want to be recognized for what they have achieved. Ton status is a recognition of skills. The rebates that an AV or a Ton gets selling cotton to the CMDT is the same, 4,500 FCFA. It is a symbolic payment that is given back to the local trainers as a payment, but it is not enough. There are six local trainers called Monitors who are paid from the rebates. The total they get is only about 15,000 to 20,000 FCFA/year. This is nothing. Ten years ago other cooperatives became Tons and had advantages in getting seed and other tools and inputs. Now there are no great advantages in becoming a Ton.

Another problem recently is that private suppliers are constantly raising the price of inputs. Now they have returned to buying from OHVN because the prices there are more secure and stable. Their Union (SYCOV) has bargained successfully for lower prices from OHVN.

They felt that they have learned a lot from the technical assistance and training provided by *l'encadrement*. They prefer, however, to have their own “children” from their own village trained as technical assistants. As a self training AV, they have found this arrangement much more useful than the State workers training and monitoring them.

When asked if they were aware of the changing laws, they said no. There are, however, things they want to change. They want to be paid quickly. They also want a local monitor to be paid enough to live. They then said: “Asking us about the new law is like asking us to reach into a sack that we don’t know the contents of.” “The reform does not scare us. The State is the best hen, we have impeccable representatives in the Chamber of Agriculture.” We have impeccable representatives in the Chamber of Agriculture.” If this law is passed, they need accompanying measures. They need training, they need more uniform distribution of training throughout the villages, better training of locals to help organize cooperatives. They want training. The real problem is the separation of the training from the judgment of coops as being ready to become coops (a problem that will not be present with the new law since anyone wishing to for a cooperative will be able to). Separating training from control will also be a good thing. There should be more objective tests for how to judge when a cooperative is good. He does not want inefficient cooperatives not to be trained.” If there is no training the reforms will be reforms for reform sake.”

They also said that “the directors should not be so far from the villages that they can rob our money. We need good directors. Directors need controls. Voluntary organizations are a good thing if we can choose our directors.”

### **Village Ton of Sougoula**

Sougoula is a Ton made up of 12 villages.

They graduated from AV to Ton. They learned to read and were trained in technical matters. The *encadreur* allowed them to become an AV based on their level of literacy. They then graduated to Ton based on other criteria. They had a collective field. They had six hectares of cotton and had a good yield. They built their collective capital from this. With this capital they constructed a three room school. The advantage of being a Ton was that they could work directly with banks and with USAID and others.

The Third Republic has caused a real fall in cooperatives. Two events. Société SOMIEX (*Société Malienne d'Importation et d'Exportation*) closed. OPAM used to buy products with a good margin. He does not know what happened to OPAM, but now they just manage stocks.

Their cooperative is part of SYCOV. They heard from OHVN of the cooperative reforms. He is part of the SYCOV administrative council. He learned this will be more based on privatization. He thinks it is good to be based on privatization only if the village has the capacity. His only fear is that there is not enough training on technical matters. SYCOV sent representatives to the world market to understand the mechanisms of price fixing. The reform is a good thing to have. “Capitalism, Democracy and Privatization are good.”

“A big problem was that the cooperative had in one office, the federation at the Arrondissement level, too many representatives of the State: technical agents, élevage, forestry, agriculture, administrative agents, ministry of commerce.” We felt too directed. These representatives appropriated the cooperatives. But we were the principle actors in production. These agents did things in our name things that we did not even understand. Agents even sold for us. Every three months the technical agents inspected the cooperative store. We wanted education and training, not to be directed. All this representation of the State in the coops is not a good thing. We have trouble even knowing all the State roles. They use their technical superiority to do what they want.”

“All these representatives tell us we can have credit at one rate or another. One agent says one rate and another then gives us a better rate. These agents complicated things and there were penalties. Agents stole. Too many intermediaries was very bad. OHVN is helpful since it is one agency to deal with.”

## ANNEX B: Critique from Within Government

According to the committee charged with developing the new law, the cooperative sector is fettered in several ways (RDM, 1996:6-7):

1. “The laws are presented in numerous disorganized texts, which are often contradictory when applied in different political, economic, cultural and social contexts.”
2. Technical extension and training services are insufficient.
3. Leaders are insufficiently professional.
4. There is no credible system of accounting.
5. Self financing is insufficient and it is difficult to access credit due to a lack of guarantees.
6. “Lack of corporate legal status and of management autonomy for *Associations Villageoises*, particularly in matters where public institutions (Opération de Développement Rural, Offices et Assimiles, etc.) serve as intermediaries with third parties (Banks, Savings and Loans, Donor Agencies, etc.).”
7. Limits to the 1959 legislation with respect to Associations other than Commercial Enterprises, *Secours Mutuels*, Cultural Association and *Congregations*) in which associations may form freely and without authorization, but they do not have legal standing except if their founders make them public.
8. Conflation of the roles of cooperatives (particularly the *ton* or *association villageoise*) with those of local administrative structures.
9. Interference by State agencies and ambiguities in oversight. Administrative oversight of associations, cooperatives, mutuals and corporations (*assimile*) is a function of the Ministry of Territorial Administration and Security. Technical Oversight is with the Ministère du Développement Rural et de l’Environnement. Financial oversight is with the Minister of Finance—who oversees the budget of the State and Regional and Local Development Funds.
10. Powerlessness of Direction Nationale des Associations Cooperatives. This is a problem of coordination. The DNACOOOP-DNRL does not have authority over other national structures nor the financial resources to operate.



## **ANNEX C: Institutions and Persons Interviewed**

### **Cooperatives, Tons and AV**

1. Allaye Bah, President of the Cooperative Association des Eleveurs Producteurs du Lait, Chef de Poste du Développement Rural, OHVN, Sanakoroba,
2. Sériba Diarra, Président of the AV of Korona, and
3. Françoise Coulibaly, President of the Ton Villageois de Sougoula.

### **Union Nationale des Cooperatives des Planteurs et Maraichers du Mali**

1. Ismael Coulibaly—Countable Gérant.

### **Assemblées Permanentes des Chambres d’Agriculture du Mali (APCAM)**

1. Karamoko Soumounou, Président,
2. Dr. Mohamed Keita, Conseiller Technique à l’APCAM,
3. Daouda Tangara, Conseiller Technique à l’APCAM,
4. Alassane Touré, Conseiller Technique à l’APCAM, and
5. Abdramane Bouare, Secrétaire Général.

### **Banque Nationale De Développement Agricole (BNDA)**

1. Sanogo, Soungalo, Direction du Crédit Agricole.

### **INAGEF, Institut Africain de Gestion et de Formation**

1. Makono Diarra, Président,
2. Abdoulaye Mohamed Doumbia, Trésorier, and
3. Ali Coulibaly, Directeur des Programmes.

### **UNDP**

1. Kalfa Sanogo, Assistant Regional Representative of UNDP.

### **CAMOPA**

1. Maciga Diawara, Directeur

### **Bureau International du Travail (BIT/ILO)**

1. David Miankenda Watulusu, Coordinateur ACOPAM (Appui coopératif et Associatif aux Initiatives de Développement), Mali
2. Soho, Alexandre, BIT, Dakar.

### **L’Aménagement et de l’Equipement Rural**

1. Yafong Berthé, Dr. Ingénieur des Eaux et Forêts, Directeur National.

### **Mission de Decentralisation et des Reformes Institutionnelles**

1. Chekckne Soumaré, Technical Advisor,
2. Lassine Bouaré,
3. Kalifa Diakité,
4. Diocely Koné, and
5. Noël Diarra.

**Projet Allemand de Gestion Des Ressources Naturelles**

1. Ibrahima Niamaly, Secrétaire de Projet, Ouélessébougou

**OHVN**

1. Dagri Yattara, Secrétaire

**Centre d'Animation Cooperative, Ouélessébougou**

1. Sidi Lamine Samaké, Agronome.

**The World Bank**

1. Agadou Demé

**IMRAD**

1. Bakary Diakité, Rural Sociology Research.

**Ministère Chargé des Relations avec les Institutions et les Partis Politiques**

1. Maître Hassane Barry, Ministre
2. Madame Mariétou Niaré Sylla, Chargée de Mission.
3. Maître Mamadou Yattabary Tiero, PMDR
4. Kalifa Aba Diko, DMA
5. Amadou Mariko, PDD—Parti Democratique du Developpement

**CCA-ONG/CAFO**

1. Rose Bastide
2. Mme. Somé Mariam Dembele, Chargée des Thématiques

**Ministère du Développement Rural et de l'Environnement (MDRE)**

1. Aliou Sangaré, Conseiller Technique,
2. Moussa Léo Sidibé, CDP

**Ministry of the Promotion of Women and Children**

1. Mme. Ba Aissa Kone.

**CLUSA**

1. Siriman Sakho was at his own NGO, Association Conseil pour le Developpement (ACOD Netaaso).
2. Curtin Reed, telephone interview.

**USAID**

1. Erin Soto, DG Team
2. Oumar Diakité, Micro-Finance, SEG Team,
3. Cheick Dramé, SEG team,
4. Gaoussou Traore,
5. Yacouba Koyate,
6. Salimata Mariko,

7. Sekou Sidibe,
8. Roger Bloom,
9. Kadidia Dienta,
10. Mathias Bassene,
11. Oumar Diakité, Oumar Diakité, micro-finance.

**U.S. Embassy**

1. Saloum S. Sacko, Political Specialist.

## ANNEX D: Current Prevalence of Cooperatives

The proposed 1998 cooperative law (RDM, 1998) will affect cooperatives in both urban and rural areas. The greatest changes will be in the rural areas where the two main forms of organization (AVs and Tons) enabled under the 1988 cooperatives law (RDM, 1988) will be eliminated and replaced under the new law by one type of organization to be called '*sociétés coopérative*'. Most groups interviewed were concerned with agricultural cooperatives, hence this study focuses on rural cooperatives.

Forty four percent of Mali's gross domestic product is derived from agricultural activities, 40 percent from services, and 16 percent from industry. Over 80 percent of Mali's export earnings are derived from farming and livestock. (The Economist Intelligence Unit, 1998:23). Cooperative organizations (including AVs and Tons) have long been viewed by the Malian State as a primary organizational basis for the development of the rural economy and of agricultural and pastoral productivity. The current changes will therefore have a potentially large effect on the relation between government and the rural economy.

During the 1980s and early 90s USAID financed the creation of more than 250 AVs in the region of the OHVN (a zone including roughly 800 villages), with a strong focus on functional literacy. The AVs attracted over 300,000,000 FCFA of credit to the region's villages. These AVs were considered in one evaluation to be a critical lever for local development projects. These accomplishments represent "one of the most important contributions at the village level over the past ten years in all of the OHVN zone" (Bingen et al., 1994:1-2).

Currently only two to three percent of Mali's population are members of cooperatives (RDM 1998a:1). The present estimates of cooperative numbers are presented in the table below.

A 1993 survey found:

TYPE OF COOPERATIVE	NUMBER
Diverse Cooperatives	833
Village Tons	459
Cooperative Unions	6
Village Associations (AV)	2358

Source: DNACOOOP-DRL cited in RDM, 1996:5-6.

Associations, Economic Interest Groups (GEI), Mutual-Aid Societies and Others*	>2000
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Source: DNACOOOP-DRL cited in RDM, 1996:5-6.

\*Groups in this box represent the number of such groups registered with the Minister of Territorial Administration.

Of the 2358 cooperative organizations roughly 450 (<20%) are estimated to be in operation (RDM, 1996:6). The number of cooperatives was much greater in the past when cooperatives were virtually a rural branch of the single party State in the rural areas and were used as the primary tool for rural development.

The significance of the past cooperative movement and of the future movement is not in the number of people it has involved nor in the economic product of those organized into cooperatives. Its past importance was in the roles that cooperatives played in organizing production for export and for the provision of cheap urban food, and their role in the diffusion of new agricultural techniques and technologies, credit and inputs to rural regions. Cooperatives were until the early 1990s an important tool of the State for rural exploitation and development. Their new role is as a tool for local populations to organize and operate collectively. The legal standing, tax-free status and preferential access to subsidized credit may motivate rural populations to use them for their own economic development. The importance of the role they will play in the future will depend on how well rural populations are informed of these new institution, whether they see an interest in this form of organization, the effectiveness of credit programs, whether effective and independent associations, unions, federations and confederations of cooperatives form, the degree to which State agencies take over what are envisioned as roles and responsibilities that cooperatives will play, etc. They could be the basis of a new and vigorous associative movement, they could be more-of-the-same practices, as in the past.

<sup>24</sup> These do not necessarily reflect the actual issues at stake behind the current policy change. This table also does not include all of the institutions and persons interviewed since many of our discussions did not sufficiently represent the institution or individual on the particular issues of concern for this table.